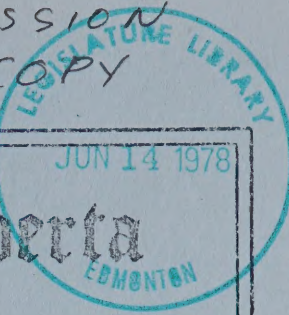




COMMISSION
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The Province of Alberta

IN THE MATTER OF THE PUBLIC INQUIRIES ACT
AND IN THE MATTER OF O/C 290/73, AN INQUIRY
INTO THE NEW TOWN, OF GRANDE CACHE

N. R. CRUMP, Esq.,	Chief Commissioner
T. H. PATCHING, Esq.,	Commissioner
DAVID GRAHAM, Esq.,	Commissioner

W. A. Stevenson, Esq.,	Commission Counsel
D. O. Sabey, Esq., Q.C., and J. G. Martland, Esq.,	For McIntyre Porcupine Mines Ltd.

DATE: June 26, 1973
HELD AT: Edmonton, Alberta.

VOLUME VII
(Pages 742 - 842)

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FRANCIS STEWART COOKE

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Supreme Court Reporters

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1-SS-1

J. A. Barnes - Stevenson Ex.

PROCEEDINGS before The Board of
Commissioners at the Law Courts,
City of Edmonton, Province of
Alberta, commencing at 9:30 A.M.,
Tuesday, June 26th, A.D. 1973.

MR. CRUMP: Will you call your first witness,

Mr. Stevenson, please?

MR. STEVENSON: Mr. Barnes, would you come over
here please?

JAMES ALFRED BARNES, sworn, examined by Mr. Stevenson:

Q Mr. Barnes, your full name is James Alfred Barnes, is it?

A That is correct.

Q You may sit down. I understand that you are the general
operations supervisor for the Alberta Government Telephones,
is that correct?

A That is correct.

Q How long have you held that post?

A Since the 1st of October of last year.

Q Would you speak up a little bit, Mr. Barnes, please?

A Right.

Q You have held it since the 1st of October of last year?

A Right.

Q And prior to that time I understand you were the divisional
operating manager for the Northern Alberta Division?

A That is correct.

Q And that is the part of the province north of Red Deer pretty
well?

1-SS-2

J. A. Barnes - Stevenson Ex.

A North of Ponoka, right.

Q And you are an engineer by training?

A Correct.

Q Now I gather that Alberta Government Telephones has a complete operation serving the Town, mine site and the television cable service in Grande Cache, is that correct?

A Yes, that is correct.

Q And your service serves all three of those demands?

A Yes. We also serve the Victor Lake area and the Susa Creek and the Muskeg area from Grande Cache.

Q These are essentially native communities?

A That is right.

Q Now I take it there was no A.G.T. operation in the community or in that area prior to 1967 or 1968?

A No, there was not.

Q Now when was the first information, when did your company obtain the first information indicating that a service would be required?

A For the actual Town of Grande Cache?

Q Yes.

A Because we did serve the railway under the construction period.

Q I understand that you served the railway during its construction period, but the facility that is in there now is not part of that service?

A No, it is not.

Q This is a separate service?

A Yes. We first became aware of Grande Cache in February of

1-SS-3

J. A. Barnes - Stevenson Ex.

A (Cont.) 1965.

Q And that was as a result of news reports of developments into the Smoky River coal field?

A That is right.

Q Now in August of 1966 the Provincial Planning Board made a report on the new Town of Grande Cache, was that made available to you?

A Yes.

Q And at that time there was an indication of the size of the community given to you?

A Yes, we had all the information that was available at that time.

Q Indicating a work force of 700 men first, 900 men by 1973 and 1,100 possibly at a later stage?

A That is correct.

Q And I take it that from time to time you contacted employees of McIntyre Porcupine?

A Yes, we did.

Q Who was the main contact?

A In my association with Grande Cache, the main contact was Mr. Price.

Q And you dealt with him yourself?

A Yes, I did.

Q Now the information that you have before you is compiled from the commercial records of - commercial side of the A.G.T. operations?

A Yes, it is our commercial development record. They follow

1-SS-4

J. A. Barnes - Stevenson Ex.

A (Cont.) developing towns and existing communities and this is their record of what went on, as far as we are concerned, at Grande Cache.

Q And was McIntyre Porcupine interested in obtaining telephone services as well?

A Yes, they were.

Q Now I note from your resume, which you prepared to assist us, that in December of 1966 there is a record of contacting McIntyre's office and being advised that they were going to Japan in January of 1967 for contract discussions. This information was given to the A.G.T.?

A Yes.

Q And did the A.G.T. follow up these developments?

A Yes, we followed the developments very closely because we needed a fair lead time to get there, we had to order equipment before the town starts if we are going to get there with any dispatch.

Q And then there is a record that in January of 1967 there was a meeting with Municipal Affairs, Canadian Utilities and the Alberta Government Telephones indicating a townsite for a population of 5,000?

A That is correct.

Q Can you tell me this, when was the first construction work on the service in Grande Cache actually done?

A The permanent facilities were actually constructed starting in the fall of 1968.

Q All right. And you were then preparing to order equipment

1-SS-5

J. A. Barnes - Stevenson Ex.

Q (Cont.) or indicating what equipment would be needed in 1966 and 1967?

A That is correct.

Q Then there is a record that in June of 1967 you contacted Municipal Affairs with a view to determining whether or not the coal contract had been signed?

A That is correct.

Q And at that time the answer was negative, and you continued to keep some contact. For example, in November of 1968 you were advised by McIntyre to cancel requests for service until the coal contract was signed with the Japanese, is that correct?

A That is correct.

Q Then as late as December of '68 you have a record of being advised that negotiations had broken down between McIntyre and the Japanese steel companies?

A Yes.

Q Then in May of 1968 a record that McIntyre optimistic about reaching agreement in early August of 1968?

A Yes.

Q And from time to time then you revised your forecast of what services would be required and when it would be required?

A Yes, we kept up to date on the development there.

Q And there is a forecast, commercial forecast made by your department in July of 1968?

A Yes.

Q Indicating coal contract being signed this fall with plant

1-SS-6

J. A. Barnes - Stevenson Ex.

Q (Cont.) ready for production in late 1970 or 1971?

A Yes.

Q And among the information was some with respect to the work force. What was the information you had with respect to the work force?

A That there would be 700 men initially, and if the contracts went up to the 3,000,000 tons per year, it would require a work force of 1,100 men.

Q Then in the fall of 1968 there was some indication that negotiations were progressing to the point where a contract might be signed?

A That is correct.

Q And when did you actually get authority to start or decide that you should go ahead and start providing service?

A We started early in the fall of 1968.

Q And what information did you have then with respect to the prospects for the community?

A We had the previous commercial forecast that we had developed and the optimistic approach that they would sign a contract for the coal.

Q And the work started in early 1969, is that correct?

A The actual construction, yes.

Q Did your corporation also participate in the Grande Cache Coordinating Committee?

A Yes, we did.

Q And were you represented at meetings from time to time?

A Yes, I was.

1-SS-7

J. A. Barnes - Stevenson Ex.

Q You were present yourself?

A Several of the meetings, yes.

Q And what was the object of the meetings that you were at, as far as the Alberta Government Telephones was concerned?

A Just to update the meeting as to the status of our progress in the Town of Grande Cache.

Q Was there anxiety to meet particular dates or time commitments?

A Not from our point of view, we felt we met them.

Q From other points of view?

A Well, I think after the meetings everybody was satisfied that we were on time.

Q Now ---

A --- which we aren't always.

Q What facilities, generally speaking what facilities does the A.G.T. have in Grande Cache?

A In the townsite itself?

Q Yes?

A There is a central office located in the Masonry Building, there is a tower and the building also houses microwave equipment, and then there is the normal outside plant cable distribution in the townsite.

Q Now I take it that the service comes in by microwave?

A Yes, it does.

1-MTH-1

J. A. Barnes - Stevenson Ex.

Q And the nearest microwave transmitter is at Muskeg, is that correct?

A It branches off from Muskeg to Grande Cache, yes.

Q Now, in making the calculation of the Alberta Government Telephones investment in Grande Cache, you have excluded the microwave service at Muskeg, because it's part of the general provincial system?

A Yes, we have.

Q And what is the Alberta Government Telephones investment in the Townsite of Grande Cache and the mine site?

A Approximately \$1,670,000.00.

Q And A.G.T. does serve the mine site?

A Yes, we do.

Q What kind of service is in there?

A They have a PABX and they have other special equipment, teletype and this type of thing and there's a cable from the Town to the mine site.

Q Now, I take it, Mr. Barnes, that under present Government policy, that system will remain in Grande Cache and will remain in operation as long as there is anybody to use it?

A Yes, I believe it will.

Q And that includes the native areas that are served from there?

A Once you establish a service, it's very difficult to remove it.

Q And your rates in a community such as Grande Cache, are similar to the rates in a similar community anywhere else in

1-MTH-2

J. A. Barnes - Stevenson Ex.

Q (Cont'd.) the province?

A Yes, they are.

Q Was there a measurable drop in telephone service after the announced layoff this year?

A Yes, there was a decided drop.

Q Do you maintain staff there?

A Yes, we have three permanent plant men located in Grande Cache.

Q So that you have those operational costs?

A Yes.

Q And do you also have maintenance service there?

A The three craftsmen provide the maintenance service.

Q I take it that under the system of accounting that A.G.T. uses the costs of a particular community aren't broken out at any point?

A They can be broken out but it takes a little while.

Q You tend to account by region or district?

A We tend to account more by a plant manager's area, yes.

Q This is within the Edson plant manager's area?

A Yes, it is.

Q And if there was a significant reduction in service, would you be able to reduce some of the capital costs or carry out some salvage operation?

A Yes, we could.

Q Would it be significant in terms of investment?

A Well, it depends - what's significant to some people isn't to others but I would say, yes, it's significant.

1-MTH-3

J. A. Barnes - Stevenson Ex.

Q I notice that in May of 1971, there was a revision of your commercial forecast done for the purposes of, presumably, having sufficient equipment and material on hand or available, is that correct?

A Yes.

Q And you got information as to the proposed development of lots and the proposed number of employees?

A Yes. We kept up to date on that.

Q And in July of 1972, you were projecting an increased growth on the basis of the information you had?

A Yes, we were.

Q Then you made a revision in 1973, May, indicating 108 vacant single family dwellings?

A That's correct.

Q And 34 apartment suites vacant?

A Yes.

MR. STEVENSON: Those are all the questions I have, Mr. Barnes.

MR. CRUMP: Mr. Sabey, have you any questions of the witness?

MR. SABEY: No, Mr. Chairman, I haven't.
Thank you.

MR. CRUMP: Mr. Patching?

MR. PATCHING: No.

MR. CRUMP: Mr. Graham?

MR. GRAHAM: No.

1-MTH-4

Albert Bredo - Stevenson Ex.

MR. CRUMP: I have none. Thank you very much
for coming, Mr. Barnes. You may step down.

MR. STEVENSON: Thank you, Mr. Barnes.
(The witness retires.)

MR. STEVENSON: Mr. Bredo.

ALBERT BREDO, sworn, examined by Mr. Stevenson:

Q Would you give the Reporter your full name, Mr. Bredo?

A Albert Bredo, B-r-e-d-o.

Q Mr. Bredo, I understand that you are the director of,
responsible for finance statistics and legislation for the
Alberta Department of Education, is that correct?

A That's right, sir.

Q And how long have you held that position?

A Well, it was since 1953. It had a different title at that
time but nonetheless basically the same.

Q Same responsibilities?

A Same responsibilities except for legislation, which I took
over about a year and a half ago.

Q And in the chain of command in the department, you report
to the Deputy Minister?

A That's right, sir.

Q And you are a certified general accountant?

A That is right.

Q And hold a diploma in educational administration as well?

A That's right, sir.

Q Now, the school system in Grande Cache operates under the

1-MTH-5

Albert Bredo - Stevenson Ex.

Q (Cont'd.) jurisdiction of your department, Department of Education?

A Well, of course the school is operated as part of the urban county structure so to some extent there would be some delineation of responsibility as between the Department of Education and the Department of Municipal Affairs.

Q It's now an urban county?

A That's right, sir.

Q It was originally a school board in the ordinary sense?

A Yes, for a short period of time.

Q And at the outset, it was a provisional board in that the board was appointed by the government?

A That's right. They had an official trustee.

Q It was operated by an official trustee?

A That's right, sir.

Q Who was an official of your department?

A That's right, sir.

Q And gradually a board was created with elected members and appointed members, is that correct?

A The urban county was formed shortly thereafter.

Q Now, Mr. Bredo, there is in existence in this province, an educational program described as The Foundation Program?

A That's right, sir.

Q And it provides a basic level of support, is that right?

A That's right, sir.

Q And it provides a basic level of support at a capital level

L-MTH-6

Albert Brebo - Stevenson Ex.

Q (Cont'd.) and at an operational level?

A Well, may I just qualify that, sir?

Q Yes?

A That the capital support is based on the school buildings regulations pursuant to the School Buildings Act and the extent to which a project is approved is then serviced by the School Foundation Program Fund and with respect to operations, The School Foundation Program Fund in the current year provides a basic pupil grant depending on the level of instruction.

Q So out of this fund or Foundation Program, certain authorized capital obligations are met, is that correct?

A This is true.

Q And an operational grant is given and at the moment it's based on a per pupil figure?

A This is right.

Q And at the moment, as a matter of fact, it's per pupil and it varies with the level of education of the students within the system?

A Yes, there are three levels, Grades 1 to 6; 7 to 9; 10 to 12.

Q And as far as a local board is concerned, this support, whether it be in capital or operational grants, is not dependent on the local tax levy?

A Now, this is right, this is right. This is completely independent of the tax levy.

Q The local tax levy partly contributes towards the fund?

1-MTH-7

Albert Bredo - Stevenson Ex.

A It does.

Q And the local tax levy picks up any of the excess that the department or Foundation Program will not carry?

A Yes. There is also support through the school grants regulations.

Q Yes, I'm sorry. Given an existing school board, they look at revenue, they look at money from three sources: the Foundation Program, the local tax over and above the Foundation Program and special grants, am I right?

A And the school grants regulations which would be part of - they are perhaps, in the aggregate they may not be that significant but they are quite substantial.

Q Now, if you look at the community of Grande Cache, there is a physical plant there to accommodate somewhere in the order of 1,000 students, is that correct? We don't need the exact figure?

A I believe so.

Q Now, is the power of a school board to levy additional funds from its tax rolls, restricted in any way at the moment?

A Yes, it is. Under the regulations limiting requisitions, the school authority is limited to a seven and a half percent unless they are able to persuade the minister to increase this.

Q Seven and a half percent of what?

A Of the last year's rate or amount.

Q So there is a restriction on the amount by which they can increase the supplementary requisition on their own taxpayers?

1-MTH-8

Albert Brede -Stevenson Ex.

A That's right.

Q Now, also the local taxpayers of course pay into the Foundation Program, a fixed mill rate?

A Twenty-eight mills in 1973.

Q And anything over and above 28 mills for education is supplementary requisition?

A This is right, at the local level.

Q Now, you have told us that there are grants given from time to time, are these basically discretionary grants?

A The grants under the school grants regulations are based on certain services. If for instance, a school system provides a special education and it meets the regulations, well then they get additional support for that particular type of service.

Q Special grants for special purposes?

A If for instance, a school system provides support for a retarded child who is attending outside the community or even if there is a school for retarded children within the community, the board would get support for that child. That is one level of support. If a board, for instance, operates a vocational school and the instruction meets the requirement of the department, they may also get additional support.

Q Do the various boards submit their budgets to your department?

A They submit them to the Department of Education.

Q And does the department control budgeting directly?

A No, I would say not.

1-MTH-9

Albert Bredo - Stevenson Ex.

Q And can a board budget for a deficit?

A Well, ostensibly they can. It is not - it is expected that each board would budget so that its revenues would meet its anticipated expenditures.

1-LL-1

Albert Bredo - Stevenson Ex.

Q Is there any differentiation between a Board in the new Town and an ordinary Board for the purpose of budgeting or making grants?

A There is no difference there. According to the regulations they are all dealt in the same way.

Q Now, do you have, Mr. Bredo, the information as to the capital investment in the Grande Cache School District or urban county?

A Yes, I have.

Q And I take it that what is done is this entire capital expenditure is borne by debentures?

A That's right, sir, if it is approved - the School Buildings Board.

Q And the Town issues debentures or the School Board issues debentures?

A That's right, sir.

Q And the Province repays or assumes responsibility for those portions of the debenture that represent approved capital expenditures?

A That's right, sir.

Q And the Board may have ineligible capital expenditures?

A Yes.

Q And they support that out of their own requisition?

A This is correct.

Q At least they are supposed to?

A That's true.

Q And in the case of Grande Cache is the total capital expenditure, that is in the form of debentures, in the amount

1-LL-2

Albert Brede - Stevenson Ex.

Q (continued) \$2,125,738?

A That's correct.

Q And of that what amount is eligible?

A \$1,579,368.

Q Which means there is 546,000 odd dollars ineligible?

A That's right.

Q And it is borne by the local taxpayers?

A That's right.

Q At least in theory?

A In theory.

Q That amounts to twenty-five percent ineligible; is that high?

A Yes, it is.

Q Is there some particular reason for that in that community?

A Historically I think one would have to say that there are some reasons for it inasmuch as building costs are extremely high.

Q And was the construction proceeded with on a high priority basis, on some basis of some urgency?

A Yes, it was.

Q The records of your Department also show a capital loan to the School Board in the amount of \$30,000; is that also recorded?

A That's right, sir.

Q And it is not eligible either?

A That's right, sir.

Q Now, do those reflect the capital investment in the Grande Cache School System today?

A To the best of my knowledge, sir.

There may, Mr. Chairman, have been some capital expenditures out of revenue, but I do not have

1-LL-3

Albert Bredo - Stevenson Ex.

A (continued) any record of it here.

Q Now, each year of operation the Province or the Department of Education would pay to the School District an allowance for debt retirement; is that correct?

A That's right.

Q Again, for the approved debentures or that portion of the debentures that are approved or eligible?

A That portion which is eligible.

Q Do you have the record of payments that have been made by the Province to the Grande Cache District since 1969?

A I have not broken down in different summaries. Now, would you wish the aggregate, which would include miscellaneous grants?

Q Yes, we will take the aggregate. Now, this is made up of payments under the foundation program plus special grants; is that correct?

A This is right.

Q And the total payment by the Province in 1969 was how much?

A \$241,494.09.

Q And that does not include in that case any repayment of debt?

A That's right, sir.

Q In 1970?

A In 1970 the total was \$447,648.16.

Q And that includes \$49,000 of debt retirement?

A That's right, sir.

Q And in 1971?

A \$736,341.07.

Q And that includes \$104,300 debt retirement?

1-LL-4

Albert Bredo - Stevenson Ex.

A Three hundred and thirteen.

Q And in 1972?

A \$704,538.32.

Q And that includes \$180,000 in debt retirement?

A That's right, sir.

Q \$180,528?

A That's correct.

Q Now, in those years were there special grants made by the Department to assist the Town in meeting its obligations that were included in those figures?

A In 1969 there was a capital grant made of \$10,000. Now, this is quite customary according to the School Grants Regulations whenever a new district is established. It could, however, be less. This District received the maximum. And then there was a special operating grant in the amount of \$158,799.

Q In 1970?

A \$172,824.

Q And in 1971?

A \$230,811.83.

Q 1972? - A \$229,706.33

from 1972
Fin. statement
JCR

Q Have you the 1973 budget for the Grande Cache school requirements?

A Yes, sir, we have a proposal from the District.

Q Does it indicate a deficit and a need for a special grant?

A Yes, it does.

Q In the amount of \$195,536?

A May I just check that amount, sir?

Q Yes.

A \$195,536.53.

1-LL-5

Albert Bredo - Stevenson Ex.

Q Is that the budgeted deficit in 1973?

A Yes, sir.

Q What is the fiscal year for the school?

A The calendar year.

Q And that is the budgeted deficit for this calendar year?

A Yes, that's what the District anticipates.

Q Do you know whether or not - perhaps you can tell me this - whether or not that figure is based on a decline in the pupil enrollment anticipated in September, or do you take it as of the 1st of January?

A The school foundation program fund regulations and the school grants regulations basically are paid out on student counts taken as at September 30th in the previous calendar year. In other words, for the first half of 1973 the District would be paid out of the fund and according to school grant regulations on the basis of students in the schools as at September 30th 1972. The District, however, has the option, or any system has the option that if there has been an increase in the enrollment in the last half of the school year, in other words if there was an increase in the school year 1972/73, we take a count as at February 28th, and a school system can get the benefit of any increase, but they are not penalized for any decrease.

Notwithstanding that, with respect to the fall term and which would be in the same fiscal year, being the calendar year, the enrollment is taken at September 30th 1973.

1-LL-6

Albert Brede - Stevenson Ex.

Q Now, in dealing with the capital that is represented by debentures, is that over a twenty-five year period?

A To the best of my knowledge it's twenty-five years.

Q Now, the operational grants outside of the capital portion are based on the number of pupils?

A That's right, sir.

Q And if there is a decline in the number of pupils there is an automatic decline in the operational grants?

A That's right.

Q From past experience is the Board in a position of one that is suffering from a declining number of pupils, find itself able to finance its operations on the same level as previously, that is the declining student population, does this catch the Board in a particular problem?

Q Well, this is a unique situation in Alberta in that a great many school systems are facing declining enrollments, and it is a personal opinion that they are going to have some difficulty adjusting to meet the situation and much of which will depend on the ability to forecast and to adjust accordingly.

Q I take it that there are certain basic costs made or incurred simply in operating the school regardless of how many pupils you have got?

A This is true that if you have a certain size facility and you have to maintain that facility, whether it is at ninety percent utilization or fifty percent utilization.

Q So that the pupil system of making grants may work a hardship when we face a declining population in the school district?

1-LL-7

Albert Bredo - Stevenson Ex.

A This is quite possible.

Q Now, what about declining assessments, what effect does that have on the Boards?

A Declining assessments will have basically the same effect on the Board as a declining school population. In other words, the floor of revenues being based on whatever mill rate the Board elects to use will produce less revenue from the supplementary fund.

Q To create a squeeze on the Board?

A This is right.

Q Now, did the School Board of Grande Cache recently ask for a new twenty-four room elementary school?

A According to the information given to me verbally - I did not see the document - they requested a twenty-four room elementary school in 1972.

Q In 1972?

A That's right, sir.

Q That was refused?

A This was refused.

Q Tell me, before a Board is authorized to create capital charges on the Province and establish a school facility, do they have to demonstrate need?

A Yes, they do, sir. They have to complete various documents that the School Buildings Board requires them to complete.

Q Now, in the case of this new Town, what demonstration of need was put before the School Buildings Branch? You have a letter dated March 11th 1969?

A Yes, I have a letter. I thought perhaps you were referring

1-LL-8

Albert Bredo - Stevenson Ex.

A (continued) to the twenty-four room -

Q No. I am going back to 1967 and subsequent to 1967. The initial statement of need, was it given around March 11 1969?

A On the date, March 11th, 1969, the then Official Trustee, Mr. R.B. Budge -

Q Who was an employee of the Department of Education?

A That's right. He was then Official Trustee of the District and he made a proposal to the School Buildings Board with respect to facilities required to meet the needs of the community.

Q Ordinarily, does the Department require demonstration of need, that is actual population?

A In an ongoing situation, such as a City or existing city, Edmonton for example or a division, the school system makes a proposal to the School Buildings Board on the basis of projected population growth, co-ord analysis.

2-SS-1

A. Bredo - Stevenson Ex.

Q Now in Mr. Budge's submission in March of 1969, he gave the number of employees for whom housing is being provided over the next year as how many?

A 700 company houses.

MR. PATCHING: I am sorry, we can't hear very clearly, I am wondering if it was Mr. Berge or Mr. Budge?

Q MR. STEVENSON: Mr. Budge who was the administrator for the School Board, is that correct?

A This is right.

Q And that was the basis of the figures that were given to justify the need for the school system at that time?

A This is Mr. Budge's position.

Q And was the requirement that he set forth accepted, as far as we can tell?

A I can't quite completely answer your question sir, but the proposal was that schools would be developed in three stages, that stage one, which was immediate, 12 to 16 standard classrooms to be used in September to December while the junior-senior high school is being built, these are Mr. Budge's words. These 12 rooms would be the nucleus of the complete elementary school. Do you wish me to continue sir?

Q Were those three phases then proposed carried out ultimately?

A We are of the, at least I am of the impression that there were 12 portables in the original development. Of this, of course I'm not certain, because I don't necessarily have all of the facts available here.

A. Bredo - Stevenson Ex.

Q But ultimately all the phases appear to have been built?

A In the most recent survey report, completed in March 1973, you will find considerable historical data indicating the development of school facilities at Grande Cache.

Q Yes, we have that. I take it that the phasing was ultimately carried out?

A To the best of my knowledge, sir.

Q Yes. Now I understand that also within the Department of Education, the Alberta Vocational Centre provided a training system for miners in conjunction with McIntyre Porcupine, is that correct?

A May I just qualify that?

Q Yes.

A In September of 1971, the Department of Education was divided into two departments. The Department of Education per se and the Department of Advanced Education, so that we will then be referring to two departments.

I was the director of finance, etc., for the Department of Education, of Advanced Education as well until the end of last month. I can give you some indication of the inputs of dollars into the mining training program at Grande Cache.

Q Yes, if you could give me those figures please?

A In the provinces fiscal year '71 - '72, \$193,312.09; and in 1972 - '73 - \$124,023.02.

Q And those were direct outlays by the province?

A Those were direct outlays by the province.

Q And in operating that program, were there other costs?

A Presumably there were other costs of supervisory staff, that

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A. Bredo - Stevenson Ex.

A (Cont.) is administrative staff within the division of Vocational Education of the Department of Education and subsequently Advanced Education.

Q But that isn't broken down?

A No, that isn't broken down.

Q Now, was some part of that program funded by federal funds?

A I believe there was a small return in 1971 - '72. Our time line was such that we could not discover the amount which we had intended to budget. To the best of my knowledge there was no return in '72 - '73.

Q Now this was done under an agreement with McIntyre Porcupine Mines Limited?

A That is right, sir.

Q And they provided some of the facilities, is that correct?

A This is right, sir.

Q And the company, I take it, was not committed to employ these people but there was a prospect that they would be considered for employment?

A I should think so. However, I was not that close to the training program so ... I am not certain.

Q Now in Sept. - in 1972, was there a report made by the Department of Vocational Education or the Division of Vocational Education with respect to this program?

A Yes, there was.

Q Assessing its past operations and experience?

A That is right.

Q And included in that report was there a report from Mr. Gillies

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A. Bredo - Stevenson Ex.

Q (Cont.) of McIntyre Porcupine dated May 31st, 1972?

A Yes, it was an appendix to, to that report given to me by Mr. Tubb.

Q Indicating that the program ought to be increased in its scope?

A That is right sir.

Q To double the class from 24 to 48?

A That is right sir.

Q Can you tell me if the class was increased?

A That I can not.

Q It was operated in 1972 - '73 for something less than it had been the preceding fiscal period?

A That is right sir.

Q And in this report that Mr. Gillies made, he recommended that the province acquire \$475,000.00 worth of equipment to carry on the program, and I take it from the figures that we have, that was not done?

A That is right sir. I have no record on any expenditures on '73 - '74.

Q And as part of the material submitted to your Department there is a report on the training of coal mine personnel by McIntyre Porcupine presented at the 24th Canadian Conference on Coal, September 19th to 22nd, 1972?

A That is correct sir.

Q And that report was also provided to the government?

A This report was given to me by Mr. Tubb.

Q And that report indicates that the present program, the

2-SS-5

A. Bredo - Stevenson Ex.

- Sabey Ex.

- Patching Ex.

Q (Cont.) existing Provincial program was still unable to satisfy recruitment needs?

A That is right, sir.

MR. STEVENSON: Those are all my questions.

MR. CRUMP: Have you any questions of the witness, Mr. Sabey?

MR. SABEY EXAMINES THE WITNESS:

Q Sir, on this last point, I take it the comments of McIntyre Porcupine about the adequacy of meeting recruitment needs is not restricted to McIntyre Porcupine, that has also been the experience of other mining companies in Alberta, specifically Canmore Mines, or do you know?

A No, I am afraid I don't know sir.

Q Are you aware of the evidence given before the Energy Board last week on this?

A No, I am not sir.

MR. SABEY: Thank you.

MR. CRUMP: Mr. Stevenson?

MR. STEVENSON: Nothing out of this, sir.

MR. CRUMP: Mr. Patching, have you any questions of the witness?

MR. PATCHING EXAMINES THE WITNESS:

Q I wonder if you can deal with this vocational training program a little bit more. Did I understand that in '71 - '72, 193,000 approximately was spent and 124,000 the following year?

A That is right, sir.

Q Can you tell me how many miners were trained under this

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A. Bredo - Patching Ex.

F. S. Cooke - Stevenson Ex.

Q (Cont.) program?

A No, I can not sir, I would have to research our files.

Q Do you know how much cost per man trained?

A No sir, I do not.

Q And do you have any figures of what the retention of these men was after training?

A No, no sir, I do not have. I am sure it is available sir.

MR. PATCHING: Thanks very much.

MR. CRUMP: Mr. Graham, have you any questions?

MR. GRAHAM: No, Mr. Patching asked that question.

MR. CRUMP: I have no questions, Mr. Bredo, thank you very much for coming, you may stand down.

MR. STEVENSON: Thank you, Mr. Bredo.
(Witness retires.)

MR. STEVENSON: Mr. Cooke.

FRANCIS STEWART COOKE, sworn, examined by Mr. Stevenson:

Q Mr. Cooke, you have already given evidence before this Commission?

A Yes sir.

Q And I understand that you now wish to speak to a second submission made by Local 7621 of the United Steel Workers of America and District 6 of the United Steel Workers of America?

A Yes sir.

Q And I am showing you a written submission, is that the

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F. S. Cooke - Stevenson Ex.

Q (Cont.) submission prepared on behalf of those two bodies?

A Yes, it is.

MR. STEVENSON:

Can we mark that as Exhibit 23?

SECOND SUBMISSION MADE BY
LOCAL 7621 OF THE UNITED STEEL
WORKERS OF AMERICA AND DISTRICT
6 OF THE UNITED STEEL WORKERS
OF AMERICA MARKED EXHIBIT 23.

Q MR. STEVENSON: Now Mr. Cooke, you have supplied this submission to the Commissioners and they have read it, and I want to give you an opportunity to expand upon any of the provisions of that submission that, or highlight any provisions of that submission that you think might be of particular interest to the commission, and I will ask you some questions which I hope will carry out that role. If I miss some point which you think of particular concern, you please go ahead and take the opportunity to speak to me.

I take it that the main concern expressed by this submission, as far as this Commission is concerned, is that you feel that the government must take some involvement in the operation of the McIntyre Porcupine Mines in the Smoky River coal fields?

A Yes sir.

Q And in broad terms, what is it that you think justifies the government's taking some position in these operations?

A Well, it is a, I think three-fold. One of them, seems to me, is that the Government of Alberta and other levels of government have had to invest in this area substantial sums of public money in order that the coal exploitation could

2-SS-8

F. S. Cooke - Stevenson Ex.

A (Cont.) take place at all. I think the Alberta Resources Railway is one such investment. I think that the assistance in moving workmen in is another one, the establishment of the community of Grande Cache and any public monies that are involved in it are further public investment, and I think in that area the community, the province has a responsibility to all of us to see that those investments are well used.

I think further that it is, coal is an energy resource, one that is once again assuming very major proportions in energy role and I think the province needs to have as much interest in this area as they do in the other areas of energy resource.

I think, thirdly, that the whole project as of now depends on the success of the McIntyre Porcupine operation because it is a one industry area and it seems to me that with the operations up to now, as they have been reported to this commission, would indicate that there is not the kind of confidence in the McIntyre Porcupine Corporation by a lot of the people around, that require that confidence be in that corporation in order for the thing to succeed.

I think there has been evidence given before this Commission of some doubt about the management of the operations there that would require a re-establishment of confidence, and the only way I know of that coming about would be if the government took a direct participation in the program.

2-MTH-1

F. S. Cooke - Stevenson Ex.

Q Do you feel there was some indication in Grande Cache from members of the local, that they felt some confidence in the management now?

A I think that they have - the kind of change as I understand it, is that they had a great lack of confidence in previous management and that the changes in management that have taken place, have removed some of that lack of confidence and that they have hope for the future but they haven't had any experience as yet that would do more than establish a hope.

Q What other areas of resource or energy management were you thinking of as exemplifying government intervention here?

A Well, there is oil and gas - the kinds of controls and the kinds of returns that are made to the province from these other resources.

Q Are you thinking of government involvement in the actual operations of any other resource in this province?

A No, at the moment I'm not. I'm thinking really in terms of these ones here because of the, I think demonstrated need. There are other areas where government intervention has been made. I think they are mentioned in our submission in, as examples. I don't suggest that there has to be anything but a pragmatic approach to the thing. I believe that there should be a growing interest by the government in it in any event, because of the increasing importance of coal.

Q You indicated in your statement, concern with the management of the mine. What is your criticism of the management?

A Well, evidence was given at the previous hearings that I was at that there were no salvage crews; that there were, there was no consistency in the orders given and man hours were wasted moving equipment from one coal face to the other and the orders being changed before coal was cut.. There was a great waste in investment of equipment that had never been put to use. A large number of indications of this kind were given.

Q Did you have some concern about McIntyre's expertise in this field?

A Well, I think - this is the difficulty here. I think in watching a mining industry operate for years, where one of the corporations lacks particular expertise, they have never hesitated before to contract it out and indeed McIntyre contracts out part of its operation here but they have not contracted out other and they don't seem to have been able to hit their own targets at all.

I think evidence was given at the last hearing that the miners feel that no fair trial of the long wall mining approach, approach to mining was given, technique; that there was a misunderstanding of how the pillering should have taken place in that kind of thing and I think this demonstrates some lack of expertise, yes.

Q Did you have some comment to make about their market negotiations?

A Well, it seems that there they have been loose as well. In

2-MTH-3

F. S. Cooke - Stevenson Ex.

A (Cont'd.) the first instance, they seem to have negotiated contracts below the price that they could deliver coal at. They had to break their contracts and renegotiate them. They are under short term agreements now where they had long term agreements that they had given commitments on and it seems to me that that demonstrates also, some lack of expertise in the whole business of mining coal.

Q What input would you expect government to make?

A Well, I would think that the government ought to be doing two kinds of things: one, to give them economic advice; insist that they assemble the proper kind of expertise for the operation to give it stability and to also encourage and participate in the development of other markets and other techniques of transportation.

Q Does this have to be achieved by a takeover or nationalization?

A Well, I would feel perfectly comfortable myself in making such a proposal but I'm pragmatic enough to realize and I think that this problem is serious enough, that we have to be pragmatic about it. I don't want to just make proposals that others would automatically have to search their philosophical basis to see whether they could agree with them or not. I think in this instance, the kind of suggestion we've made, where you might develop a gradual involvement in the ownership of the corporation and negotiate with the renewal of leases, further conditions of control and participation, I don't think that there has to be a, only a nationalization

2-MTH-4

F. S. Cooke, - Stevenson Ex.

A (Cont'd.) of the operation.

Q Do you see government's role as --

A -- or a provincialization, I guess.

Q Do you see government's role as being, supplying some kind of expertise as well as some kind of supervision, is that the idea?

A Yes, I would think particularly in the field of working out cooperative measures with other provinces and indeed with the Federal Government, in using more modern transit facilities for coal and, that is the development of and using, and also in the area of encouraging the development of a steel industry in this part of the world rather than having our coke and coal shipped to foreign nations. These kinds of things I could see being the kind of participation.

Q What input do you see government putting into negotiation of the contracts?

A I would think mainly an advisory and perhaps, perhaps to some extent supervisory role, approval role of the contract before it was finalized.

Q Now, in your submission, to some extent, you dealt with taxes, royalties, export taxes, some of which or all of which may be without our terms of reference, Mr. Cooke. What do you see these as achieving?

A I see them as a means for the government, a way of the government getting some return for the investment that they are putting in and/or a way of the government developing an

2-MTH-5

F. S. Cooke - Stevenson Ex.

A (Cont'd.) equity in the industry.

Q Do you see this kind of operation as was conducted here or as is being conducted here, as some sort of partnership with government because of its expenditure?

A Well, I think it's, I think it is, whether it's recognized or not. I think that it probably - more than it is, it should be because the expenditures are there and at the moment, the corporate boardroom of McIntyre has to make decisions which are good for McIntyre. I know they would, as most corporation would, would say that they would like to consider all other things as well and perhaps do, but their primary consideration had to be the benefit of McIntyre and they could come to pretty disastrous decisions vis-a-vis the investment of public monies in the area.

Q In what way do you think, sir?

A They might just decide to just walk away from Grande Cache, to close up. If they do that then the public is left with all its indebtedness. McIntyre would have some, too, no doubt, but they would either have to meet that in whole or in full or go bankrupt, one or the other and that's a corporate decision that they would have to make.

Q That's what you had in mind in the statement that you made?

A Yes.

Q In your brief, you also deal with labour standards or some suggestion that some sort of labour standards ought to be imposed. What did you have in mind there, can you comment

2-MTH-6

F. S. Cooke - Stevenson Ex.

Q (Cont'd.) on that?

A Well, mainly here we're talking about the safety standards. There is no way that we feel that we want to have the labour standards which are subject to collective bargaining interfered with. That I think can be handled by the bargaining agent and by the employer.

Q Can't collective bargaining look after many of these items that you are concerned with?

A No.

Q Which ones can't collective bargaining look after?

A Well, the kinds of standards of safety that are required in the mines and the kind of training that is required; the kind of thing that defines which is a qualified person to do a job. There is a current dispute on now as to whether a member of management is a qualified person to fix an electrical cable. That kind of standard has to be set by people who are setting the safety standards for everyone, not just for McIntyre. When we bargain collectively, it can only be arrangements between us and McIntyre.

Q Do you see some sort of labour standard as dealing with security of tenure or permanency of employment?

A Well, I think that area cannot be handled only as a labour standard. In this particular set of circumstances, I think that would be handled by re-injecting confidence into the operation and I think I have suggested that that should be done by government involvement.

2-MTH-7

F. S. Cooke - Stevenson Ex.

Q Would government involvement give more security to the employees, is that what you're thinking of?

A I think it would and also to the business community there.

Q By supervising layoffs or potential layoffs?

A By examining them in advance and seeing the effect on everything and whether or not they are in fact needed in the long term; whether they could be avoided - these kinds of things. There is a great doubt in the minds of the people that I have discussed this with in our union as to whether or not there was really a need for the past layoff.

Q Surely, Mr. Cooke, terms of employment in the sense of tenure, if we use that expression, can be properly the subject of your collective bargaining?

A Hardly, inasmuch as our collective agreements only go from one period to another and they only vary for short periods of time. There is no way that we have any provisions in any of our collective agreements which would provide for say 15 or 20 years of employment.

Q What do you see government doing in that regard, giving advisory capacity or actually legislating some standards or --

A -- no, I don't see that being done in any way except by participation in the industry and seeing that it's operated in such a fashion that it brings about steady employment.

Q You do talk about severance pay, job placement, retraining and things like that?

A Yes, we do, in our bargaining process.

2-MTH-8

F. S. Cooke - Stevenson Ex.

Q And you do talk about that in your brief?

A Yes.

Q Do you have some more concrete suggestions to make in regard to those things?

A No, I think those things should be set down though when people are being asked a long way in advance - I'm sorry, in advance, to come long distances and resettle and do the things that are necessary. Some of those things could be set down for them.

Q By government?

A By government in its participation with the company. I don't think they can just set them down arbitrarily for everyone.

Q If the line --

A -- I'm talking about in this instance.

Q If the miners had been recruited by a joint operation of the province and McIntyre Porcupine in this particular instance, would they have felt some government obligation?

A I think so.

Q You mentioned also in connection with your brief, the question of conservation. What did you have in mind? What are your concerns in that area?

A I think the two areas, two areas really. One is the general ecological problem that has to be looked at. The other is the conservation of the coal resource, that is the, being sure that the total or the maximum amount of coal is extracted and used and not made unreachable.

2-MTH-9

F. S. Cooke - Stevenson Ex.

Q Is there any evidence that that problem exists in the line that we're concerned about?

A Not direct evidence but I think it's a very important consideration and that the province would have a wider interest in it than perhaps McIntyre might. McIntyre may have to look at the most profitable coal as opposed to the best use of the total resource.

Q And the government could achieve that end by means other than participation in the operation?

A It would be pretty difficult because once a mine is pillared back, it's hard to tell what's inside there and those are determinations that have to be made really during the mining process. They would have to participate and have somebody in pretty close contact with it.

Q So coal may be in different position than other resources in that regard?

A I don't know whether other resources have as much danger in that regard or not. It's --

Q But we in this province have some experience in oil and gas conservation?

A Yes, that's right. There are special differences because of a solid as opposed to liquid or gaseous matter.

Q And it would be possible to develop facilities within an organization such as the Conservation Board, to do this kind of service, without having to get into McIntyre's boardroom?

A I don't think you would do it by getting into the boardroom.

2-MTH-10

F. S. Cooke - Stevenson Ex.

A (Cont'd.) It would have to be at the mine participation. It's not the boardroom at that level. Those decisions have to be made I think at the mine.

Q Now, there is a suggestion in the submission or the word "pillage" is used in the submission. Did you have evidence of that?

A No, but it's possible in mining. It's the same thing where it gets to be a conflict - a resource can be exploited profitably and they don't always tie together.

Q This is just a fear or concern that you have?

A Yes, it's a fear; it's a worry more than a fear.

Q In a general survey of your submission or brief, Mr. Cooke, are there any other points that you would like to highlight before I go on and ask you some specific questions with respect to that brief?

A No, I don't think that there is anything, any other areas that I wanted to highlight. I think they are there and they stand in their place in this submission.

Q We want to be sure that if there are any that require, or that if you want to give additional emphasis to, that we haven't overlooked them or if there is information that isn't in the brief, that you would like to bring forward, that it hasn't been overlooked?

A I don't think so.

MR. CRUMP:

I think this might be a good opportunity, Mr. Stevenson, to take a fifteen minute break.

2-MTH-11

F. S. Cooke - Stevenson Ex.

MR. STEVENSON:

Yes, sir.

MR. CRUMP:

Perhaps Mr. Cooke could think up

some comments he would like to make.

MR. STEVENSON:

You don't have to, Mr. Cooke.

A

No, I know.

(Hearing adjourned at 10:55 a.m.)

2-LL-1

F.S. Cooke - Stevenson Ex.

FRANCIS STEWART COOK, on his former oath, examined by Mr. Stevenson:

Q Mr. Cooke, do you want to add anything or make any general comment on the brief?

A I think not at the time.

Q Are you familiar with the Statute, the Bill that was before the last session of our Legislature, the Coal Conservation Act?

A No, I'm not. I know it was discussed with some of our people but I personally not, no.

Q I think you will find that some of the concern you have expressed or manifested is in that Bill. Now, you will appreciate, Mr. Cooke, that our terms of reference deal essentially with the economic viability of this mining operation, not with McIntyre Porcupine Mines Limited or the coal industry or anything else but with this mining operation?

MR. CRUMP:

Mr. Cooke, do you agree with that?

The Reporter's not set up to get a nod of the head. So would you please answer.

A Yes, I understand the statement. I'm not sure that I thought through whether I agree entirely with that. There may be some ways in which the terms of reference could be understood that are different than that, but I understand the statement that is being made.

Q You are not sure whether you agree or disagree with it at this point?

A That's right.

Q Do you have any recommendations to make as to specific proposals that would advance the situation of the Town, the viability of the Town?

A Well, only in the sense that I discussed them the last time. I think there ought to be a closer study made to diversifying the base on which the Town depends. If it is not possible to do that, then I think there has to be a real feeling injected into the community that the Government of Alberta is behind it.

Q Other than by the investment that has to be put in thus far?

A Well, the trouble with that investment that has been put in there thus far is it is subject to the continuation of the McIntyre operation at any particular level that McIntyre decides to operate at. That's what I'm talking about. I don't mean to suggest that the Government need necessarily pour a great deal more money into the community, but mainly to inject sufficient confidence into the thing so that the community does not have larger numbers of people leave and thereby make the burdens impossible on those who remain.

Q Do you specifically recommend or endorse the location of the highway through Grande Cache?

A Yes.

Q Can that be justified economically in your researches or studies?

A Our people said that it would cost more money in their view to do this, but people travel and the general activity created by people travel would increase the versatility in Grande Cache, give it a broader base.

Q We cannot justify that in dollar terms?

A At this point not necessarily, but it may well do as it develops. I also supported the idea of having a small airline.

A (continued) through there. Again people travel, some of it commercial, some of it business and some I suppose tourist, and some other things.

Q Again, you don't know whether that can be economically justified. Would it have to be subsidized?

A It may or may not. But I think there was a commercial firm prepared to make an application on it. I didn't hear what the result of that application was.

Q You talk about the development of local attractions or something like that. Did you have anything specific in mind?

A Well, of course there are a number of attractions in the area that they have been discussed by the tourist and Chamber of Commerce groups that have already been here. I think those could be encouraged by the Province in many things. I notice at the library in Grande Cache the copy of the tourist information booklets, they contain Grande Cache with a small notation as to how many motels are in it, but very little done to say what activities are available from there. I think that kind of a thing could be promoted more.

Q Let's talk about the mine for a moment. How do you see Government's involvement as improving the viability of that mine?

A I think only in the insistence of a better operated mine.

Q In point of view of efficiency?

A Yes.

Q And marketing?

A Well, in the marketing I would suggest advice in that area. I don't - only because it does not seem to have been very successfully handled up to now.

Q There is no doubt as far as you are concerned that McIntyre Porcupine has been seeking a profit and has lost money?

A That's right.

Q Has the union made any study of its financial statements or published statements that indicate some problem that they can put their finger on?

A Not in its financial operation. The corporation is a pretty sound corporation. In the operations here of course there is a lot of difficulty.

Q But are you able to pinpoint what the cause is or any specific causes?

A I think you heard evidence here from members there. They feel mismanagement has been a problem.

Q You see to some extent a provincial operation as being some form of salvation of the existing problem?

A Some Provincial Government involvement, I think, yes.

Q Do you expect more investment to be made by the Province?

A No, I think the kind of - well, perhaps so, that depends on a broader thing. I think if the Province really decides that new methods of transportation of coal are worth their investigation and so on, then yes, that kind of thing. But in terms of directly on site, I don't think there should have to be a great deal more except the support of the community is obviously needing now. The Province may well invest more in

2-11-5

F.S. Cooke - Stevenson Ex.

A (continued) hard surfacing that road and in putting to better use the railway that's there. But those are, I think, really partly committed expenditures anyway.

Q Let's face it. We talk about mines. To make the mine viable or more profitable, we have to have efficient production and adequate markets?

A Right.

Q Does the Province have access to markets that the company doesn't have access to?

A They may well have avenues of development of markets if the company does not have access to.

Q What have you in mind?

A I think I suggested there should be a co-operative effort between the Provinces about the use of coal, and I think I suggested also that there ought to be a thorough study about the development of a steel industry here. And the Province certainly could play a role in both of these areas.

Q Do you see a problem in supplying managerial skills?

A Only by way of bringing them in. I don't know that the Province holds a residue of managerial skills in coal mine operations in its hip pocket, but I do think, I could see them bringing them in as responsible to the Province if the Province were getting directly involved, yes.

Q Hiring managerial expertise?

A Yes.

Q Which is something the company can do?

A They could do.

Q Do you expect the Commission, Mr. Cooke, to accept the proposition that the Government could do a better job in running the mine without some demonstration of the areas where Government could make a positive contribution?

A I think I would expect the Commission to accept that, yes, because I believe it can be run better, and I think also the Government believes it can be run better.

Q Your brief goes to some way towards suggesting that a Crown corporation would be an efficient means -

A It would.

Q - to run the mine?

A Yes, that's one way. We also suggest others.

Q Are the Commission to accept the proposition that necessarily a Crown corporation would do a better job than a private corporation?

A No, I don't suggest that they have to philosophically accept that proposition. I don't think that they have to either enter into investigation on the basis that a Crown corporation can do just as good a job or better job than a private corporation.

Q It may or may not?

A That's right. I don't think the Commission has to look at it either one way or the other at the moment.

Q You can't say automatically because it's a Crown corporation it would do a better job?

A No. I think the only thing that would flow automatically from that would be a greater confidence in the Grande Cache community by others, who have now to depend on - I think some

2-LL-7

F.S. Cooke - Stevenson Ex.

A (continued) shaken confidence has to be restored.

Q It is obvious from your brief that you would not consider the Alberta Resources Railway as a good example of Government management?

A That depends on what Alberta Resources Railway was set up to do. I don't consider it to be profitable, but then maybe it was not intended to be profitable. It may have been intended just to ship coal. That's what it is doing.

Q In your brief you suggested that the investment in the railway has to be considered with respect to the mine?

A Yes, because it is doing nothing else.

Q Do you have any evidence other than a logical deduction that the construction of the railway was promoted in any way by McIntyre Porcupine?

A No, I have none.

Q You do suggest in your brief that the Province might do better to sit on the resource than develop it?

A In some instances, yes.

Q That would not be of any assistance in this particular Province?

A No, sir. It may in some parts of what is there, but I doubt if that would be valuable consideration in the viability of Grande Cache.

Q No, because we have got the operation and we have got the employees?

A That's right, and you have got the community.

3-SS-1

F. S. Cooke - Stevenson Ex.

Q In your brief here, this Exhibit 23, the one you have in front of you, you indicate among other things that the company has made certain breaches with respect to miners that indicates some reason for forfeiting its development right, and I want to go over them again, because we have heard quite a bit of evidence on them in Grande Cache.

With respect to housing, for example, do we have a documented or an identifiable case where the company failed to perform its obligation in that area, other than the evidence we heard?

A No, I don't have with me today any additional information in that regard.

Q You refer in this brief to the cost of living?

A Yes sir.

Q What representations did the company make that it didn't carry through with respect to the cost of living or which were inaccurate with respect to the cost of living?

A I think those also were covered at the last hearing sir, but if you wish them to be enumerated, I think that, as I recall them, the estimates of the utility costs, the costs of furnishings available to people in Grande Cache ---

Q --- Any examples other than those ---

A --- No ---

Q --- that were actually put before us ---

A --- No, no, none that were put before us.

Q And with respect to relocation expense?

A No, I have nothing further on those, only those things that

3-SS-2

F. S. Cooke - Stevenson Ex.

A (Cont.) were put forward.

Q Then of course you made considerable of the safety problem, is there any evidence now of unsafe labour practices that are a matter of major concern?

A I mentioned one before the break. Yes, there is a current dispute about a ventilation system as well which ... there is some dispute as to whether or not the system has been cleared by a mining inspector and there hasn't been able to be gotten a clear definition of that, there is still that problem. There still would be others too.

Q Did you want to add something, Mr. Cooke?

A No, just only that the inspector had stated that he knew nothing about it despite the fact that the Union had been informed that the inspector had approved it.

Q Was this a specific problem?

A Yes, it is still in dispute at this current time.

Q And it is in the hands of the Union Safety Committee?

A Yes.

Q Now in talking about this mine and these mining operations, basically we are talking about the sale of metallurgical coal, the disposition of metallurgical coal?

A I don't know, we have evidence before us that there is power coal also being used here.

Q I am not sure if you used the term "sold" or not?

A No, I almost donated it I think.

Q But are you suggesting that there is any market for that other than Alberta Power Limited?

F. S. Cooke - Stevenson Ex.

A Well, this is hard to say whether there is or isn't. I think that should be examined, certainly. If Alberta Power can use it there may well be.

Q You are not aware of any other market, having regard to the transportation problem?

A At the moment, no, I am not aware of any, because I haven't examined that area to see.

Q Well, your research staff that worked on your brief didn't look into that kind of things?

A Well, they did mention in our discussions, prior to it, and I said unless we had specific examples, we ought not to follow it too far, that there were other uses of coal that should be examined, and, certainly I would think that this ought to be done.

Q The only extent that you can help us is to make that general statement?

A That is all at this point, yes, unless I had some specific ---

Q --- Your brief for example refers to the consumption of coal by Ontario Hydro ---

A --- M-hm ---

Q --- It is certainly not metallurgical coal that Ontario Hydro is using?

A Well, they would not buy metallurgical coal with the availability of cheaper coal, although both coals do produce power and just that one produces a coke which is of value and the other doesn't.

Q But in your discussion in your brief of thermo coal markets

3-SS-4

F. S. Cooke - Stevenson Ex.

Q (Cont.) is really irrelevant to the viability of this mine, isn't it?

A Not totally, it depends on the cost of the production of thermo power and as that increases with other fuels it may well be a market which would be used here. This is not useless coal in that field, that is what I am saying, it is just expensive at this point.

Q But for the market today is in coking?

A Not today.

Q And that is perhaps Ontario, Japan and the United States?

A Or perhaps Alberta and British Columbia and the Yukon, if we do some proper planning.

Q Now you point out that British Columbia is looking into this?

A Yes.

Q But that market does not now exist, it would have to be created?

A No, no, developed, that is right.

Q And you do make the point that if transportation costs were reduced to Ontario, that may open up that market?

A Yes.

Q Perhaps increase the production from the existing mine, perhaps take more coal from the existing mine?

A Oh yes.

Q No indication that that would increase the price to the, on the sale market at this point, is there?

A Yes, I think so, the sale, but I don't know, unless the transportation thing is looked after, I think that the

3-SS-5

F. S. Cooke - Stevenson Ex.

A (Cont.) price of coking coal in the East is higher than the price of coking coal in Japan, but the transportation costs are higher.

Q That is what is making the difference?

A I think so.

Q And if the McIntyre coal were to be sold in Ontario, it would have to compete with American coal?

A Right.

Q Right, and you suggest that there is, or do you suggest that there is some market regulation by the multi national mining interests, which are referred to in your brief?

A I don't suggest that there is at this point but I am sure there will be as power costs vary and the usage of coal changes, I am pretty sure there will be a great change in the circumstances.

Q At any rate, assuming that if McIntyre coal were looking for the Ontario market, they would have to compete with the American coal?

A Right.

Q Do you advocate some protection for Alberta coal?

A I don't think that that is necessarily the wisest course to follow, although I certainly think if we are going to continue in the balance of payment problems that we are likely to have, that this is one of the areas that we should look to.

Q At any rate, it doesn't matter whether it is the government that is running the mine or McIntyre that is running the mine,

3-SS-6

F. S. Cooke - Stevenson Ex.

Q (Cont.) it is the market price that is going to be obtained that is fundamental?

A And the development of other markets. I think, I don't wish to in any way diminish our proposal that there should be government involvement because I believe that there is more involved than just, although the terms of reference emphasizes this mine, this community, this so and so, because I believe there is more involved in this whole thing than just that, and the reserves and the licenses that are here have to be renewed, have to be done in light of a policy that Alberta should develop vis-a-vis coal.

Q But we are talking about the viability of this mine?

A Yes.

Q Right.

A Right, or at least partly we are talking of that.

Q Do you suggest that the fact that there is American control of the McIntyre operation makes it less responsible in its operation from the point of view of making the mine viable?

A I am not anti-American, I just, I don't think it would matter whether that was eastern control or whether it was straight B.C. control. I think it has to do with whether the public interest is primary or not.

Q Well, in resource development corporations, be they Crown or otherwise ---

A --- Yes.

Q --- the main concern is to get as much money as possible for the resource?

3-SS-7

F. S. Cooke - Stevenson Ex.

A From the public's point of view you mean?

Q Yes.

A Yes.

Q Well, your brief ---

A --- and the best use of the resource.

Q Your brief quotes quite extensively from Mr. Kierans' study for the Government of Manitoba?

A Yes.

Q And he says "It is surely as incumbent upon the owner of public resources to reach for as great a return as possible as it is for a private investor"?

A Yes.

Q You would agree with that policy?

A Yes. That, in my view, is only making the best use of the resource.

Q Now on the new two year contract, is McIntyre Porcupine getting a competitive price, do you know?

A I know they have to compete with others, they may not be getting a competitive price and they may not even be getting an economical price, I think that is yet to be determined.

Q After the event?

A No sir, I think because, I think the cost of mining coal changes. McIntyre has been doing a lot of development, out of which you get a very small coal production per dollar as compared to when they are now ready in number two mine for example, to really start mining that out, and in number two mine they will get a lot more coal per dollar invested in

3-SS-8

F. S. Cooke - Stevenson Ex.

A (Cont.) the next two years than they did before, this is the way mining goes.

Q As of today though, the market is essentially Japanese?

A For this coal, for this mine, it is singular, one customer.

Q Yes. You did suggest in your brief that one course of action was to stockpile. Have you considered the economic implications of that?

A Yes, that is not an unusual thing in coal.

Q Do you know what that would be involved in terms of handling and in terms of the amount of space that would be required and the physical problems of "warehousing" stockpiles?

A Coal stockpiles are not warehoused, they are outside.

Q That is why I used the word in quotes.

A Well ... the ... of course there is an increased cost in handling stockpiles of any kind, but they are necessary it seems to me in terms of maintaining any kind of stable work force. The costs of not doing that are pretty heavy too, and those unfortunately are borne by different people, those costs.

Q From the point of view of the viability of the mine, that is what we are talking about ---

A --- even that, even that, it is an awful, there is quite a cost in bringing new work force in and getting it worked in and having it reduced and increased, has a great effect on the mine and its ability to produce. It does in any work situation, and in a mine it is even moreso.

Q Now if it had been a government corporation that enters into

3-SS-9

F. S. Cooke - Stevenson Ex.

Q (Cont.) this contract and made these losses, you suggest I think in your brief that there might not have been 150 empty houses, where would the difference lie?

A Well, I think if the authority, it is just as incumbent on a government corporation to try and make profits as it is on a private one, I think that the government would have two areas to look at. The losses in the empty houses and so on would also be in their hands, where they are not in the hands of a private corporation.

Q Is that true here?

A They may have counterbalancing situations, yes, it is true.

Q Isn't the losses on the houses in the hands of a private corporation here?

A The loss ... well, part of it is, not all of it. The loss in that community, a great deal of it is public as well as the cost of the houses, the housing costs, only part of it.

Q The government would have different factors governing its decision?

A Yes, yes, wider ones.

Q In your brief you suggest that the Alberta Resources Railway forms a subsidy to McIntyre Porcupine, why do you say that?

A Well, the whole thing is just for transporting coal and certainly the operation of that railway isn't on a profitable base. McIntyre is not paying what it would cost to bring that coal out if they had to do it in any other way.

Q How do you know this?

A Because the Alberta Resources Railway is running at a terrible

3-SS-10

F. S. Cooke - Stevenson Ex.

A (Cont.) loss and they only have a fixed cost on the price of the coal transportation.

Q Maybe likely because of the absence of other markets or other users?

A Well, there were only a couple of users in the first place, at the peak of its operation, only a couple of users.

Q Can you say that McIntyre ---

A --- it was never a profitable operation, the railway.

Q Can you say the McIntyre's coal is being subsidized by the Alberta Resources Railway?

A Only that the mathematics show it. No, I haven't got an agreement in front of me from the Resources Railway to McIntyre saying, we will subsidize your coal operation, no.

Q No, you haven't done any - you don't have the economic operation to come to that conclusion either?

A Only just the reports that the Resources Railway has made to the province about its losses and the fact that it operates only for McIntyre.

Q Now on page 15 of your brief you say "The N.R.R. was built to carry coal", where do you draw that conclusion?

A The cost of coal resource was the major resource used by the government in the promotion of the development of the railway.

Q Now on page 18 of your brief you suggest that sale of reject coal to the power company was done "with the government's okay", where do you get that information, that it was done with the government's okay?

3-SS-11

F. S. Cooke - Stevenson Ex.

A I am not certain now but I saw that, I will try and get that for you.

Q Yes, I would appreciate that.

A I will try and supply that for you.

Q And you have indicated that there might be some other market for that coal. What I was referring to was right at the bottom of page 18, the second last line from the bottom?

A Fine.

Q You do realize that the provincial consumers pay for that plant and that coal?

A M-hm, m-hm.

Q Yes?

A The consumers in the province pay for that, oh yes.

Q Do you suggest that there is some market for this McIntyre coal from these mines in coal gasification?

A There may well be, but it is a matter of, you would have to examine that market further than I have in order to ...

Q And I take it that you agree with the proposition that westerners justifiably feel discriminated against in favor of eastern manufacturers by cheaper freight rates?

A I do. I have had that prejudice all my life, being born in Saskatchewan.

Q You do suggest though, further on in the brief, that the world will beat a path to the door of the owner of this kind of resource?

A Yes, in the future. The value of coal resource in the future is obviously going to increase.

3-SS-12

F. S. Cooke - Stevenson Ex.

Q At the moment we don't know of anybody beating a path to McIntyre Porcupine but the Japanese merchants?

A That is right, the Japanese are the ones at the moment.

Q Do you suggest that McIntyre should be looking elsewhere for coal markets, you suggest that Ontario and perhaps British Columbia for some development of iron ore?

A M-hm, m-hm.

Q Yes?

A Yes.

Q Do you think that, you appreciate that British Columbia has coal reserves of its own?

A Yes, I do.

Q And do you suggest that that would be a sound market prospect for this mine, British Columbia iron ore somewhere down the road?

A British Columbia and/or the Yukon, certainly western iron ore.

Q In part of your brief you talk about strip mining and you suggest that perhaps it should be stopped. What is the basis for that, ecological?

A Yes, yes, I think that there is sufficient coal reserves and resource in underground mining that underground mining could economically extract without the same ecological problem.

Q Are you concerned about the labour intensity of strip mining as compared to underground mining?

A It is in the natural interest of the Union but I don't believe that is the basis on which we made the proposal.

Q In your discussion about the possibility of Crown corporations

3-SS-13

F. S. Cooke - Stevenson Ex.

Q (Cont.) taking over this kind of operation, you refer to some examples from elsewhere, you talk about Saskoil, I take it that hasn't been functioning long enough to determine whether or not that is a viable operation?

A That is right.

Q And British Columbia's investment in the pulp and paper industry is recent?

A Yes sir.

Q And in the coal industry?

A Yes sir.

Q And Churchill Forest Industries is also recent?

A Yes sir.

Q Do we know whether or not Churchill Forest Industries is viable?

A To say whether - that it is viable as a definite thing, no, I don't think that has yet been proven, but I don't think anything else has been proven either.

Q You gave an example of Devco?

A Yes sir.

Q And was Devco's loss last year \$27,000,000.00?

A I understand that it was.

Q You do comment to some extent in your brief about increased taxes and increased royalties. What effect would that have on the viability of the mine operation we are concerned about?

A I also suggested sir that those could be taken one way or another and I, and it depends on how they are taken as to what effect it would have on the viability of the operation.

3-SS-14

F. S. Cooke - Stevenson Ex.

A (Cont.) If they were taken in equity shares in the corporation that is running it in order that the government could have increasing say about it, there may or may not be an effect directly on the viability of the operation here. If they have to be paid in cash out, they would immediately, and in a direct way affect the viability of the operation.

Q You suggest that some benefit might be obtained from coal marketing boards. Do you have in mind creating a monopoly situation?

A In the sense that marketing boards are that, yes, but in the sense that they are also an effective and efficient way of marketing a product, that is the reason we made the suggestion.

Q You indicate ---

A --- not just to create a monopoly.

Q But that would be the result?

A Yes, it would have that result, but it would not, that would not be the purpose for which one would be making, for which this group is making such a proposal.

Q Now you say in your brief that the opening of the Alberta Resources Railway was a commitment to the northern sector of the province and the people who settled there and the future of the Alberta coal industry. Are you just talking about the fact that it was opened as distinct from some government pronouncement?

A Not altogether. I think that is what we are stating, but I think it is supported in several promotional bits of material that the government has put out, but I don't, it is

3-SS-15

F. S. Cooke - Stevenson Ex.

A (Cont.) a general statement.

Q What commitment do you take that as making to these people?

A That there will be a communication, that the place will be opened up, that these communities will be there, and these resources will be exploited.

Q Which resources does it indicate there will be an exploitation of, that hasn't been exploited?

A To some extent, none, but when you talk about the ---

Q --- But you are talking about a commitment of the province and it is important for us to know what commitment the province has made and where it has breached them?

A Well, I felt, and I think I have said this before, I feel that the very building of the railway indicates normal railway use and that the railway itself has not been used in some ways that a normal railway use or a traditional railway use has been used. There is not normal freight shipment on the railroad, only the raw materials that are being transported out. There is not the usual people transportation on the railway, on this railway, and I think those were, if you like, blind commitments to the people. When you talk about building a railway and investing that kind of money, one thinks of the use of a railway as it is.

Q Do you suggest that this railway was promoted by the province as anything other than a carrier of resources?

A Yes, I think so, yes, I think so. I think it was a communications link as well.

Q Can you point to any representation made by the province?

3-SS-16

F. S. Cooke - Stevenson Ex.

A I would have to re-examine the ones that I have looked at, but I think so.

Q Are you talking about the 'Alberta Land for the Living', the A.R.R. issue?

A That is one, and I think I read two or three in which some inferences along this line ---

Q --- if you can find others, would you send them to the Commission?

A Yes, I certainly gained that impression when reading material about the railway.

Q We don't know, for example, whether or not some passenger service would be economical, viable, in that operation?

A I would have to tell you that that is a very tenuous thing to get into, I wouldn't want to be the guy who made the projection about any particular passenger line on the railway being profitable. Many of them run without that being the case. In other words, a means of, part of the communications commitment in our country.

3-MTH-1

F. S. Cooke - Stevenson Ex.

Q You talk about the cost of creating jobs in your brief, Mr. Cooke, the cost of creating jobs by the mining industry?

A Yes.

Q And you calculate that it costs \$200,000.00 per job for McIntyre to produce, to produce a single job, \$200,000.00 to produce a single job?

A M'hm.

Q Yes?

A Yes.

Q That's without any regard to the multiplier effect?

A That's direct, direct employment.

Q And in making your calculation, what did you take in as the cost? Did you include the A.R.R.?

A No, McIntyre's cost; McIntyre's investment as they have indicated them.

Q For 500 jobs are you taking it?

A No. I think we took the total employment of McIntyre, not just the 500 production jobs that exist today. We were - I would have to go back to the work papers to see that for sure but I think we took in all of the jobs including staff and so on that McIntyre had produced.

Q Do you remember what that figure was roughly?

A It seems to me that the figure we looked at was something in the neighbourhood of nine hundred and something were the jobs at the time we were looking at them.

Q At \$200,000.00 apiece?

3-MTH-2

F. S. Cooke - Stevenson Ex.

A Yes, I think so. I would have to go back to work papers to be sure about that.

Q Do you think it was all the direct employees of McIntyre?

A Yes, I think so. It may not have been, maybe we just used the production employees.

Q And McIntyre's published investment figures?

A I think so.

Q Even at \$200,000.00, it seems to be considerably below the Canadian average in the mining industry?

A In mining, yes, yes.

Q Do you agree with the proposition that was put forward by Mr. Kierans in the brief, that the way to capitalize on these resources is to sell the resources and not to concern oneself with refining them?

A Not always, no. I think that that has to be looked at pretty seriously.

Q His approach seems to be that the highest profit is to be found in the exploitation of them?

A I think that's true.

Q And he seems to come to the conclusion that that is not necessarily a great risk; the capital investment is not necessarily a great risk?

A The capital investment is not necessarily a great risk?

Q Yes?

A No, I don't think it is.

Q You agree with that?

3-MTH-3

F. S. Cooke - Stevenson Ex.

- Sabey Ex.

A Yes.

Q You have made some suggestions about conservation and about coal marketing. Has the union made submissions to the Eastern Slopes Hearing by the Environmental Conservation Board or the Energy Resources Conservation Board Hearings into the coal industry?

A No, we haven't. Our resources are too thin to cover all of those.

MR. STEVENSON: Those are all the questions I have of you. Thank you.

MR. CRUMP: Mr. Sabey?

MR. SABEY: Thank you, Mr. Chairman.

MR. SABEY EXAMINES THE WITNESS:

Q Mr. Cooke, I want to welcome you back. I note you were able to get out over the Grande Cache roads?

A I was.

Q I trust it was without too much trouble?

A Well, it was - it was an experience, rather stormy.

Q Mr. Cooke, I noticed that you haven't been here in these hearings and in view of the concern that you have expressed with the effect of these operations on the province, as you said this morning, your main concern is that the government must take some involvement in the operation of the mines. You have talked about controls which they should put in as they do with other energy resources. I'm a little surprised that

3-MTH-4

F. S. Cooke - Sabey Ex.

Q (Cont'd.) you haven't appeared to hear what was said by the various government agencies as to what they have been doing and are now doing in this area. Have you got any comments to make on that?

A My interest in the thing should not be considered, based on my attendance and certainly our union's interest ought not either. We, unfortunately, have other prime functions to do and not always able to fulfill everything that we would like to do.

Q Mr. Cooke, surely you are interested in finding out what the government is doing, if you're interested in making suggestions to the government as to what they should do, don't you think you should first find out what they are doing?

A I'm not - I don't find it too disturbing to suggest --

Q -- obviously you don't --

A -- to the government that they do something if they happen to be doing it already. I really don't think that that invalidates anything else that I might suggest.

Q Well, I suggest to you, Mr. Cooke, that perhaps a lot of your suggestions are similar to those that are contained in the first brief, that they are things that are already being done, but you don't know? You didn't take the time to research it and find out whether or not they were being done?

A I don't agree with that, that that's necessarily true.

Q All right, sir. We'll get you some specific examples. I assume, sir, that you do have a transcript of the evidence

3-MTH-5

F. S. Cooke - Sabey Ex.

Q (Cont'd.) that was taken heretofore in these hearings?

A No, I haven't.

Q Well, that doesn't really surprise me in view of your summary of the evidence given at Grande Cache which you call a "catalogue of broken promises." There you refer to specifically to unbroken housing, promises regarding housing, cost of living, travel allowance, relocation expenses and safety. I would like to look at those --

A -- and employment, too.

Q Yes. You don't mention employment in your brief, but let's accept that.

Now, let's deal very briefly with safety. I have a transcript. Mr. Martland and I have looked at the evidence given at Grande Cache. Mr. Cooke, I can find no evidence given by you or by any of the miners that any promises were made concerning safety. Now, Mr. Cooke, I don't mean to say that there was no evidence regarding safety procedures and practices. There was a lot of evidence of that, of complaints, of violations by the company and by the men themselves. Indeed, Mr. Farmer gave evidence and admitted that he himself was a violator but he said that some of the men were as much to blame as the company. There are several references like that. However, that's not my present point.

You say, in your brief, in your brief that you have just filed, that the evidence there is

3-MTH-6

F. S. Cooke - Sabey Ex.

Q (Cont'd.) that promises involving safety were not kept and I challenge you to find that evidence, sir?

A Well, I don't like to get into a whole raft of these kinds of minor details --

Q -- well, we're going to --

A -- all right, if you wish to. I don't like to because I don't think they really help too much but, for example, in October the company made a commitment to our committee that nobody but an electrician would handle electrical equipment and we now have a dispute about a mine supervisor getting involved with the maintenance of electrical equipment.

Q Sir, just a moment. You say that there is a catalogue of broken promises in the prior evidence. I am talking about the prior evidence. Now, there was no evidence of that given at Grande Cache?

A All right.

Q Let's turn to the evidence on housing, on cost of living and relocation.

Now, I want to cover all of the evidence that was given so that it's not selective.

At Page 175 - you may want to make a note of these if you don't have a transcript, Mr. Oakes answered a question by Mr. Stevenson. The question was:

"Q Was there anything that you were told about your accommodation in England that turned out not to be accurate ..."

3-MTH-7

F. S. Cooke - Sabey Ex.

Q (Cont'd.) That is, you were told in England:

"... that turned out not to be accurate when you got here?"

The answer:

"No, I don't think so."

At Page 181, Question by Mr.

Stevenson again:

"Q Were there any promises, assurances, understandings, from your point of view about the allowance for moving, that weren't carried out?

A From my point of view, no ..."

Question again at 181, 182:

"Q And was anything said to you about the cost of living here that wasn't borne out by the facts, or the cost of utilities or services?"

Now, at first Mr. Oakes couldn't recall anything but with a little gentle prodding he said, and I quote: "I think that there was some mention of a store in town where we would be able to buy things at a reasonable price like, but other than that, no."

Now, that hardly sounds like a man aggrieved over a broken promise. He couldn't even remember the promise.

Page 184, the first question under cross-examination:

3-MTH-8

F. S. Cooke - Sabey Ex.

Q (Cont'd.)

"Q Mr. Oakes, are there any benefits or subsidies, anything of that sort that you were promised that you haven't received?

A No."

Now, that evidence hardly supports your summary, Mr. Cooke.

Going to the evidence of Mr. Farmer, Page 190, he was told that "... we may have to wait awhile for the house to be complete ..."

He was told this at the same time he was told of the housing subsidy, while he was in England. Same page, he did levy this criticism. He understood that houses were to cost \$18 to \$21,000.00 and found they were twenty-one to twenty-six thousand and he bought one of the more expensive ones. Other than that, there were no promises or assurances or advice with respect to housing that he, Mr. Farmer, found to be inaccurate.

Page 194 - no problems with respect to the moving grant or the resettlement grant. Again at Page 194, the company informed him and I quote:

"... furniture and appliances, certain local merchants have agreed to make available to employees a wide range of household furniture, appliances and equipment at discount prices. The company will provide the names of those merchants on request but does not necessarily

3-MTH-9

F. S. Cooke - Sabey Ex.

Q (Cont'd.)

'recommend those specific outlets to the employees.'

Now, Mr. Cooke, how you can twist that into a promise by the company, I'll never know. But even then, Mr. Farmer admitted that there was such a store and that they were offering discount prices but those discount prices were higher than prices in Edmonton. Now, with this possible exception, Mr. Farmer could recall no broken promises with respect to the cost of living or the utility costs.

At Page 224, Mr. Farmer said he got his \$100.00 a month subsidy; he got the downpayment in the form of a forgiveable loan; he got \$1,000.00 resettlement grant and he got the loan for the plane fare for his family. Hardly supports your conclusion, your summary of the evidence.

Turning to Mr. Bradbury, Page 234 - he got his \$1,000.00 resettlement grant and he was very satisfied.

The only adverse comment that Mr. Bradbury made in his evidence was that the heat, water and light were estimated, not promised but estimated, at \$30.00 to \$40.00 a month and his experience has been here that in the wintertime, his gas alone is \$30.00 a month. Now, that's the only evidence of Mr. Bradbury on those points.

Mr. Wilson, at Page 262 - he got his grant paid and on the other matters, there were no

3-MTH-10

F. S. Cooke - Sabey Ex.

Q (Cont'd.) complaints.

Mr. Royal didn't get the \$1,000.00 relocation grant from the government because he was hired at Grande Cache. The company, he says, did not promise him \$1,000.00 but the company did give him the \$200.00 to move from Edmonton or Calgary to Grande Cache. The furniture man gave him some furniture. Page 269, he says that he got everything else. There were no misrepresentations by McIntyre and no broken promises by McIntyre - Page 278.

Mr. Neary at Page 284, he was told by a fellow Nova Scotian who was a recruiter for McIntyre that the cost of living was the same as in Nova Scotia and that he could get his furniture cheaper than in Nova Scotia.

Now, at 294 Mr. Neary, suspicious fellow, said he didn't accept this conversation. He put it to us, he said, he told his wife that he didn't trust this fellow so he spoke to a friend of his who had worked out at Grande Cache and was now in Nova Scotia and couldn't get any definite answers from him on the cost of living. His fare was paid. His family's fare was paid - 297. The hotel bills were paid and his relocation expenses came to all but \$40 or \$45.00 of the \$1,000.00 so he used about \$960.00 of the \$1,000.00 grant.

Mr. Hurst, there was no evidence given by him of any broken promise. He simply said - his evidence was much the same as Mr. Farmer and Mr. Bradbury.

3-MTH-J1

F. S. Cooke - Sabey Ex.

Q (Cont'd.) Mr. Pickles gave no evidence of not receiving the benefits.

Earlier, I'm sorry, here in Edmonton, I can't remember whether it was earlier this week or later last week, a Mr. Jack Lee, another former employee gave evidence. He had been dismissed in January. He was not happy with the company but he gave evidence that he got all the benefits. He got his air fare and expenses from England. He got a loan to bring his family out. The company paid half of that. He got his relocation grant. He got his bank credit with the company's help. He got the downpayment on the house, got the \$100.00 a month subsidy and when he was severed he got \$4,896.00 severance pay. He wasn't happy with the severance but he did say the company met its commitments.

Now, Mr. Cooke, that's hardly a catalogue of broken promises?

A Well, it's a matter of your construction on them. As I listed them just as you put them down here, you mentioned that Oakes had a complaint on the cost of living, that Farmer had complained.

Q Mr. Cooke --

A -- you said "only" in each case but you listed yourself some seven or eight cases. You say some are not promises. I don't know how workers reading a document which suggests that the utility costs will average about \$40.00 can say that's not a promise. In their minds it was. They considered them broken

3-MTH-12

F. S. Cooke - Sabey Ex.

A (Cont'd.) promises whether you do or not, and I know that in some cases, and I think I said this at the last hearing, that in some cases the construction of the documentation that was used in soliciting people for employment was noncommittal but left inferences that people felt were commitments.

Q Left inferences that are now in your brief called "promises"?

A The workers said they were promises and --

Q -- are they inferences or are they promises, Mr. Cooke?

A Well, I'm talking about the evidence at the last hearing. You heard it as I did.

Q Yes. I wonder if --

A -- you repeat --

Q -- heard the same evidence?

A Yes, we did. Yes, we did. You're suggesting that these people didn't have any complaints except this one.

Q No, Mr. Cooke --

A -- I'm suggesting that they have a number.

Q I'm suggesting that you have grossly overstated the case?

A Well, that's a matter of opinion.

Q Yes, all right. Let's turn to the new matters in your brief, Mr. Cooke. You say that you believe, in Canada, the health of the entire coal industry is seriously threatened?

A That was a collective belief that several of us had in looking at the things.

Q I take it that's the belief of your union?

A Yes, sir.

3- TH-13

F. S. Cooke - Sabey Ex.

Q Now, sir, you also say that the mining companies that control our resources are content with the status quo of freight rates. What's the source for that statement?

A I'll have to look at that. I can't answer it just right here.

Q Would you please?

A I'll try to get that for you. Where does it appear so I can
--

Q Page 9, second paragraph? Do you see it?

Now, between Pages 10 and 11 you have a table - I beg your pardon, it is Page 11, Table III. You refer to the big four in that table, you call them the big four on the prior page. Now, sir, you refer to Canmore Mines as having 270 employees. Is that the figure before or after that company laid off 150 miners or about 150 miners about a year ago?

A I would have to check that. I'm not certain at this point.

Q In point of fact, sir, last week, before the Energy Board, the manager of that mining company gave evidence that they have 158 employees?

A Then it looks like it was before that, but I'm not certain of that.

Q I take it you weren't involved at the time of the layoff of those employees at Canmore?

A No, I was not.

Q Or your union, sir - your union was not involved?

A I'm not sure of that.

3-MTH-14

F. S. Cooke - Sabey Ex.

Q I see. You refer to the Coleman Colleries operation. Are you aware that they have recently shut down that mine, an underground mine because it was uneconomical to mine it?

A No, I'm aware that they have shut down underground mines. I don't know the reason.

Q You haven't checked those items out, sir?

A (No answer.)

Q Sir, on Page 12, you talk about the multiplier effect of approximately five. Can you tell me what the source for that is, sir?

A Not offhand. I'll get it for you if I can, yes.

Q Well, sir, I'm curious because at this same hearing last week, the manager of Coleman Colleries said, and you'll find this in Volume 3, Page 219 of the transcript of the evidence taken before the Energy Resources Conservation Board that he thinks a multiplier between two and three is more accurate in Alberta.

Now, to be fair, sir, there was other evidence of general industry figures of eight to one and some said five to one; most of the people giving evidence there said they had no idea what the multiplier was in Alberta but I would like your source.

A I'll try and get it for you.

Q Now, sir, I think Mr. Stevenson covered this but I'm not quite clear. At Page 13, you quote "Pollution Probe" for the proposition that we must refine and manufacture here and then you immediately quote Mr. Kierans as saying that more refining

3-MTH-15

F. S. Cooke - Sabey Ex.

Q (Cont'd.) of natural resources isn't that essential. Which of those alternatives do you support? In reading your brief several times, I found it difficult to find out which one you were supporting.

A In, I would say that we don't support either one to the exclusion of the other. I think that in this instance one has to look at each of these in their own application. I don't think that you can just say that one is the only thing to follow.

Q You're saying that you haven't made up your mind yet?

A I don't think you would ever make up your mind totally in one way on that. One does produce more jobs and if that's the object of the exercise, then you would retain the refinement in Canada. There are problems about the refinement in some cases and perhaps an immediate profit is what's required and you therefore support that.

Q Sir --

A -- I don't think I would ever come to the point where you wouldn't export any natural resources.

Q Later on in that page and going over the page, you compare the cost per net new job in the mining industry with that in the manufacturing industry?

A Yes.

Q Sir, I'm not really sure if I understand the purpose of that exercise but aren't you comparing apples and oranges? Sir, who is going to manufacture and what are they going to

3-MTH-16

F. S. Cooke - Sabey Ex.

Q (Cont'd.) manufacture with, without somebody taking the substantial risk capital required to explore for and recover the energy resources? I mean you can't manufacture out of thin air, can you?

A Not unless you're like "Air Liquide", one of the international corporations that produces liquid air and oxygen and a few things like that and does manufacture out of thin air but it's the only one that I know of that can do that. I think the suggestion here is --

Q -- or --

A -- I beg your pardon?

Q Go ahead.

A I think the suggestion here is that when one is looking at the propositions that are laid out here on Page 13 --

Q Yes?

A Which seem to be conflicting in your view.

Q No, not conflicting. I just don't see the point in them, sir.

A Well, I think the point in mentioning them, sir, is that there should be a balance in both of these things; that it does take a great deal of capital if employment is an objective and in our view, it ought to be, particularly in government policy. Then one ought to look at both of these kinds of investments because we have limited amounts of investment dollars available.

Q So you're obliquely suggesting that Alberta should look for more manufacturing, is that the point?

3-MTH-17

F. S. Cooke - Sabey Ex.

A I would think that that's the point in there, yes.

Q Sir, at Page 14, the second last paragraph, you talk about 150 vacant houses in Grande Cache. First of all, is that figure at all accurate? What's the source for that?

A Reasonably so, I think --

Q -- sir, I'm informed that there are 100 vacant houses there which is about two-thirds of the figure you quoted?

A I wouldn't quarrel with it today but certainly at the time that this was done, this was reasonably accurate.

Q When was this prepared?

A That piece of information was gathered by two of us counting the houses that were vacant when I was present in Grande Cache.

Q Two weeks ago?

A No, sir, some six weeks ago.

Q So you did, did you notice, did you recount them again when you were there two weeks ago?

A No, I didn't. As you know, this last time I was there, I was mostly where you were and it was very difficult to --

Q -- I went up and down every street when I was in Grande Cache, sir.

A Well, I did in a general sense, too, yes, drove around, that kind of thing but the other time we really counted them.

Q But, sir, your sentence that contains that reference does confuse me. You say in the - whether it's 100 or 150 vacant houses in Grande Cache - "... we can plainly see the effects of leaving the Smoky River coal resources in the hands of

3-MTH-18

F. S. Cooke - Sabey Ex.

Q (Cont'd.) ' profit-motivated corporations like McIntyre Porcupine." Now, sir, it seems to me that you're suggesting that McIntyre overbuilt in Grande Cache because of profit motives and I wonder if you could explain that to me?

A No, I think that that's not quite true. I think we were suggesting it the other way around, that the fact that you reduced the work force and it was on the basis of the profit motive, not on the basis that you built the houses for profit. You may have done that, too. I don't know.

Q Sir, at Page 15, the middle of the page, you say "Superior Oil Company of Texas owns 39.4% of McIntyre." What is your source of that information?

A I don't know which of our sources that was in but I'll check it for you.

Q Do you know if it is accurate?

A At this point I don't but it was certainly a published source that we got it from.

3-LL-1

F.S. Cooke - Sabey Ex.

Q Do you know where the largest single percentage of the shares of McIntyre Porcupine are held?

A No, sir.

Q Do you know where the largest number of shares of McIntyre Porcupine are held?

A The largest number of shares, you mean in any single block?

Q In any single country.

A I would say in Canada. The largest number of shares of McIntyre, if I recall the source of material that I looked, I would think it's in Canada.

Q Does that same source of material tell you that the largest percentage of the shares are held in Canada as well?

A No, I have read source material which indicated that there were a large number of shares in Canada. I am almost certain that the source there was an annual report. I can't say for sure at this point. I will check it again and let you know if you wish.

Q If you would, please. Now, sir, Mr. Stevenson has dealt with the next item but has not quite clarified the matter for me. In the last paragraph at page 15 you say that the Alberta Resources Railway was built to carry coal from Grande Cache to the connecting C.N.R. line.

A Yes.

Q How does this square with what you said at page 34 and with what you said this morning that it was a commitment to the people in the area of the northwest? It seems to me that the two are not entirely consistent?

A I don't think they are. They don't have to be mutually

3-LL-2

F.S. Cooke - Sabey Ex.

A (continued.) exclusive at all. The prime purpose of building the railway was to carry coal. It does not exclude the other commitments because -

Q Let me help you answer the question that Mr. Stevenson put to you. Did you read the speech of Mr. Manning, the Premier of the Province, gave in February of 1965?

A I'm not certain. I may have.

Q Let me try and jog your memory. Without going into the very lengthy speech entirely, and incidentally this was quoted "Community Introduction, Historical Research Study" by Mr. Bossert. Mr. Manning first of all talks about other parts of the Province, and then he speaks of the northwest section. He talks about the important resources in this area, talks about known deposits of gypsum about the coking coal, about the rich timber area and about the coal deposits, Alberta's large iron ore deposits north of Rycroft. He then says the short range objective of the railway is to provide an outlet to market for these resources, having mentioned four resources. He mentions the fact that this will put - that the port of Prince Rupert was two days shorter than that of Vancouver, both for industrial equipment coming in or raw material or similar processed material going out. And then I quote:

" But the point is, we have the alternate route and it seemed to us that this would put our province in the most favourable position in the resources development of this important area to have an outlet to seaboard and not only an outlet, but a choice of outlets as far as the two seaboard ports

Q (continued)

"are concerned."

He then goes on to discuss the long range objective and says and I quote:

"Not only will you have the vast, rich resources tapped in the first stage of this development, but in the future it is well within the scope of such a program, that we will end up with a direct rail outlet for all the vast mineral development of Hay River, Pine Point, perhaps over in the Wood Buffalo Park area as we are sure it would be developed in the future, tying in with the Pine Point Railway, which we said before taps the rich agricultural land, which means grain, cattle, export products for agriculture, which can some day in the future be linked then down to the main line of the C.N.R. and have the access to the two seaboard ports of Prince Rupert and Vancouver.

Now we are told, and this has been borne out in the studies we have made of this, that if that becomes the picture in the future, and remember I stress this as the long-range outlook now, this will shorten the distance from all this northern area of Alberta and the Northwest Territories to seaboard by approximately four hundred miles compared with the present necessity of coming down through Peace River to Edmonton and back out on the Canadian National. Now when you think of what the savings

3-LL-4

F.S. Cooke - Sabey Ex.

Q (continued)

"in a year amount to in freight rates if you cut four hundred miles off the distance, you can see that this becomes important far beyond the development of the resources by themselves but to the whole northern and especially north-eastern area of Alberta." Now, sir, considering this, which was the introduction of the concept that the A.R.R. in the Legislature, your own statements, how do you say that the A.R.R. was built to carry coal from Grande Cache?

A Because it has not been extended to do any of the other things as yet. I think they will do if it is extended. If those dreams can be fulfilled, then I think they will be. As yet the product that it is carrying today is coal. That's a deduction.

Q Is that all that it carries?

A What else?

Q Does it not carry agricultural products?

A Very little.

Q But it does carry some?

A I know of none.

Q You don't know of any. Did you check to find out what it carries?

A Yes. I understand it carries coal and coal only.

Q And coal only?

A Yes.

Q That's the information that you have obtained after checking it out?

3-LL-5

F.S. Cooke - Sabey Ex.

A After checking, yes.

Q Okay, fine. Thank you. Now, sir, dealing with the same subject and over the page, you seem to suggest in the second full paragraph at page 16 or conclude that the freight rates were agreed upon between McIntyre and the Alberta Resources Railway in the first instance, and that they were agreed upon before the negotiations with the Japanese were undertaken by McIntyre Porcupine. Now, do you know if either of statements or conclusions are accurate?

A I'm trying to get the source material. As far I am aware they are accurate.

Q Thank you very much if you would get that for me. Now, sir, at page 17 you refer to the selling of the people's coal at just ten cents a ton. Do you agree that's the normal royalty taken on all the coal leases in Alberta by the Government?

A Yes, unfortunately in my view.

Q Are you suggesting that they too didn't do a very good job in the negotiating, that they could have done a better job or ought to have done a better job?

A Possibly. I am certainly suggesting that Alberta should get more than ten cents a ton.

Q In today's economy.

A Yes.

Q But, sir, that does not look at the historical fact and the circumstances that existed at the time.

A I think it does. I think so.

Q I want to be clear. Your union is saying that considering the circumstances at the time those leases were granted that

3-LL-6

F.S. Cooke - Sabey Ex.

Q (continued) the Alberta Government didn't get enough; they could have and should have gotten more?

A I think that's right.

Q Do you think that's right or is that what your union is saying?

A Yes.

Q Thank you. Sir, on page 18 you talk about the profits taken by some of the members of the company on selling shares. I take it you will agree with me that the opportunities of the stock market are open to everyone?

A Everyone who has money to take advantage.

Q Including your unions?

A No, sir.

Q You have no investments?

A In stocks, no, sir.

Q Now, sir, at page 18 you say among the reasons for McIntyre's poor results in Grande Cache is the company's decision, with the Government's okay, to virtually give away its reject coal for steam. Now, you have agreed with Mr. Stevenson that reject coal is used to generate power which is used by the Alberta consumers, if I understand you correctly this morning.

A Yes. I think I was asked whether I was aware that the consumer paid for this or not, and I said yes, I was aware.

Q Sir, you are also aware that the rates that the power companies can charge the consumers are fixed by the Public Utilities Board in Alberta?

A Yes.

Q So, sir, any so-called gift to Alberta Power is really a gift to the Alberta consumers?

3-LL-7

F.S. Cooke - Sabey Ex.

A It may or may not be. That depends.

Q On what?

A It may just allow the Alberta Power to retain an extra benefit. The consumers may or may not pay more.

Q The cost of the generation goes into the rate base which is fixed by the Utilities Board and is reflected in the rates. That gift is passed on to the consumers; isn't it?

A Not necessarily. You made an assumption in that -

Q I am asking you if that is not a fact.

A I don't know that to be a fact.

Q Well, sir, in point of fact do you know if the coal is given away?

A No. I say it is charged for. It is tantamount to a gift.

Q Sir, you talk about the coal reserves at page 19. Have you checked those coal reserves with the reserves established by Energy Resources Conservation Board here in Alberta?

A No, I have not seen those -

Q You have not checked any Alberta sources, sir?

A We may have checked some Alberta sources but I'm not certain at the moment about whether we have checked with the Energy Resources Boards.

Q Well, sir, at page 20 you talk about energy demand growing, and the industrial demand will be two and a half times present level by 1990, and you refer to an Ontario report.

A Yes, sir.

Q That's Ontario, sir, not Alberta.

A No, that's North American Energy Resources. We are talking about needs.

3-LL-8

F.S. Cooke - Sabey Ex.

Q The title of the reference is "Ontario Advisory Committee on Energy, Impact of Energy Used on the Environment in Ontario".

A That's quite right, but the material they pooled together, because of the interlocking use of power, covers more than just Ontario.

Q Do you have that figure for Alberta?

A No, I don't.

Q Did you try to get it?

A No, we didn't try to single it out.

Q Sir, I see you in a couple of places refer to several Toronto newspapers as authority for some of your propositions, specifically reporting on the Energy Board. You did not see fit to go to the Energy Board reports themselves, sir?

A No, not in every case in any event.

Q In any case.

A I'm not sure.

Q I suspect you did not, sir. Will you tell me if you did?

A I can't say for sure whether we did or not.

Q Don't you think it would have been a good idea to go to the -

A We may well have done. I'm not saying we didn't. I can't tell you if we did.

Q Sir, in your references you cited Alberta sources twice and Ontario sources seven times.

A I have never tried to suggest that either one of those was less authority than the other.

Q But you are quite content to use as the source the newspaper report on the Energy Board report rather than going to the Energy Board report itself.

3-LL-9

F.S. Cooke - Sabey Ex.

A For that particular purpose I was.

Q Sir, let me demonstrate to you one of the problems of doing that. At page 21 you quote the Toronto Globe and Mail as saying: "In British thermal units (BTUs), coal costs about fifteen cents per million BTUs at current average coal prices." If you refer to Alberta sources, you will see, and sir I am referring to the Energy Resources Conservation Board, 73C, dated April 1973, that the Electric Utilities Planning Council for Alberta has projections of fifteen to eighteen cents per million BTUs for strip mines, prairie strip mines, twenty-five to thirty-five cents per million BTUs for plains underground mines, and thirty cents per million for foothills strip mines. If you would further check with Alberta sources, and specifically the Electric Utilities Planning Council brief to the Energy Board last week, you will see that the cost to the Alberta largest user, that is Calgary Power at its two plants in Wabamun in 1972, was 11.5 cents per million BTUs, to Alberta Power at Forestburg was 10.5 cents per million BTUs. You did not check any of these sources, I guess?

A I'm not sure whether we checked the source you talk about. I think we discussed that earlier.

Q Now sir, you then go on and say at the middle of page 21:

"Because of the high quality of its reserves of coking coal, increased demand means Alberta and the West will be the beneficiaries of expanding steel mill capacity."

Now, you have talked about coal for electricity and you do talk about the need for coking coal. How do you rationalize that optimistic picture with your original statement that the

Q (continued) health of the entire coal industry is seriously threatened?

A I think one is a short term situation and one is a long term expectation.

Q So this serious threat that you see is of short duration and does not affect the long term proposition?

A It should be.

Q Fine.

A Certainly that's my hope.

Q Let's not confuse hopes with promises, Mr. Cooke. At page 21 again, I think you have indicated to Mr. Stevenson that your union supports the position that the present freight rates discriminate in favour of eastern manufacturers to the expense of the west, and that the western part of Canada is entitled to cheaper freight rates which would make the coal more competitive to the east.

AO Oh yes, I think that's only fair.

Q In view of that why do you criticize the Alberta Government for allegedly giving this coal industry, that is the McIntyre industry, freight rates, give them, to use your words, a great advantage in bidding for world coal contracts? Not bidding for coal contracts but world coal contracts. Why do you advocate that on a national level? You criticize the Alberta Government for the Alberta Resources Railway for giving McIntyre an advantage in bidding in world coal contracts.

A I think here we are talking really about McIntyre having an advantage over Alberta companies.

Q Which Alberta companies?

F.S. Cooke - Sabey Ex.

A McIntyre gets the - any of them.

Q Sir, which?

A Which ones have contracts that use Alberta Resources Railway.

Q You don't know, do you?

A Which ones?

Q Which have contracts to supply coking coal, which are bidding with McIntyre for these supplies, which Alberta companies?

A I don't know if there are any that are competing.

Q That's right, there are not any.

A That are competing.

Q So that does not enable them to compete against other Alberta companies. Why do you blow hot and cold on this business of advantages in bidding for the world markets?

A I think one is simply a statement that Alberta is giving a pretty heavy subsidy to McIntyre to get its coal to world markets.

Q You criticize them for that?

A Criticize them? Maybe we do. I'm not just sure how that statement comes out. I think that's a statement that's happening. I don't know -

Q Well, you say the A.R.R. has cost the taxpayers of Alberta hundred and thirty million dollars so far and its debt keeps mounting. The A.R.R. acts as a subsidy to McIntyre Porcupine.

A Again, that's a matter of opinion. That is a statement of fact, as I see it.

Q What is the purpose of that statement of fact in your brief?

A To draw to the attention of the Commission the need for the Government to be involved.

Q Thank you. Page 22 you talk about a slurry to move the coal and crude oil, and you suggest that as an alternate means of transporting it.

A It is one that is under study.

Q Now, sir, I think you talked at one place in your brief about that as being a promise of a coal oil pipeline operating in less than five years - page 39 of your brief.

Q Are you aware of any slurry pipelines that are transferring coal economically at the present time?

A No, sir.

Q Are you aware of the Cleveland Cadiz Pipeline?

A Yes.

Q That's shut down, isn't it?

A Yes.

Q Are you aware of the Black Mesa Line?

A No, I'm not.

Q So you don't know whether they are having troubles with that line?

A I understand they are having troubles with all of them at the moment. There are technological difficulties that have to be resolved in all of them.

Q Are you aware that the largest user of coal in Alberta has looked into slurry and plans to build its plants over the next thirty years at the energy source rather than try to use these slurry pipelines? That's evidence given before the Board last week.

A I was not aware of the last statement that you made. I knew that they had looked into the slurry. I haven't heard of the

3-LL-13

F.S. Cooke - Sabey Ex.

A (continued) final conclusions, nor do I really believe they would be final if some of the technological difficulties are not overcome.

Q Well, sir, in view of that, how can you then later on in your brief talk about the promise of a coal oil pipeline operating in less than five years?

A These are outlooks that have been projected by other people than the people you are talking about obviously.

Q So this promise that you speak of, sir, is merely another loose reference to expression of hope and expectation?

A I think it's probably a less than tight expression of an expectation, not just a hope.

Q Mr. Cooke, when is a promise to you a promise?

A When you suggested you are going to go through all this in detail, it's a promise.

Q Am I living up to it, Mr. Cooke?

A Yes, I think so.

Q Sir, when you speak of a promise of a pipeline in less than five years, you don't mean a promise in the sense of someone assuring or guaranteeing that is going to happen? You are talking about a possibility?

A The pipeline companies were talking about it in more terms than just a possibility, but I would have to say that it is not a commitment in the sense -

Q Page 23, sir, you talk about coal gasification at least a decade away, according to the Ontario Government's Advisory Committee. Again, at last week's hearing, the evidence led to the Board was that Montreal Engineering thought it was about

Q (continued) away; Canadian Hydrocarbons not before the mid 1980's; Gulf and Imperial Oil in the hearings taken last fall, before this report, thought not within the thirty year forecast. Would those be consistent with the information you have when you say not even a decade? It's probably at least three decades away.

A I don't know how one can really project that far. I don't object. We say not within a decade. It may be as far as three decades.

Q Thank you.

A But it also may not be any longer than within a decade because technology really romps in some of these things once it gets started.

Q Sir, page 25, you say a realistic examination of the potential for Grande Cache coal shows it could be possible just to stockpile the coal until new uses and markets are available. Now, sir, why stockpile it? Aren't they selling all they can mine?

A It depends on the - yes, they are, but they are not doing it very economically, as I understand it.

Q So why stockpile it?

A Because it's value is going to increase.

Q Why not just leave it in the ground until that time?

A Because it may be cheaper now to remove it and stockpile it as its value increase.

Q Have you conducted a realistic examination and ascertained that it would be cheaper to do that now, that is to mine it now, to subject it to deterioration and wait for the future

3-LL-15

F.S. Cooke - Sabey Ex.

Q (continued) markets than it is either (a) mine it and sell it now or (b) to leave it in the ground? Is that what that statement says?

A I think that is what that statement says. I don't know that we have met the test of having done that.

Q You have not done a realistic examination?

A I don't know that we have made that test to satisfy myself about that.

Q Sir, at page 29 you talk about railroads, airlines, broadcasting, hydro utilities and buslines are Government run. I take it you are not referring to Alberta, you are referring to other places?

A Yes, I was not. We are not referring only to Alberta, no.

Q Then the next paragraph you talk about public investment in resources, which is a new and somewhat experimental phenomenon. I take it you don't mean investment by the members of the public in the traditional sense. You mean nationalization or -

A Government investment. I don't know it has to be nationalization

Q So when you say public investment, you are talking about Government investment?

A Yes, I believe they are the custodian of the public fund.

Q I hope not all of the public fund.

A Maybe they are. All the funds are held in common, I believe they are.

Q Now, sir, you do suggest the possibility of a Crown corporation at the bottom of that page to develop and sell Smoky River coal. You are talking about a Provincial Crown corporation?

3-LL-16

F.S. Cooke - Sabey Ex.

A Yes.

Q Now, as the owner of the Alberta Resources Railway, would the Government then compete with the other coal producers in the Province?

A They may or they may not.

Q They have to, would not they, or are you advocating taking over all of the coal in the Province?

A We are talking about the Smoky River Development here. I don't know that we would have to compete as McIntyre is not now competing with others.

Q But they are in competition in the sense that -

A In a general sense, they are.

Q Yes. So in that sense, sir, you are advocating that the Provincial Government, the owner of the A.R.R., compete with other coal producers in Alberta?

A It is possible. I don't know of anything disturbing about that.

Q Sir, you suggest that they might take over an issue of long term bonds. Are you aware of any legislation of such type of take over?

A Issuing of long term bonds in order for Government to spend money for any purpose, including -

Q Oh, you don't mean - you do say long terms bonds for company. You are talking about taking over and giving the company long term bonds; not issuing long term bonds and then paying the company.

A They could give the company long term bonds.

Q But are you aware of any legislation that permits that type of a take over?

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A I know of none that would bar it. They would have to make legislation when they set up such a thing. The Government would have to make legislation to do so, no doubt about that.

MR. SABEY: Mr. Chairman, I apologize for going so slowly. I have a few more pages of notes.

MR. CRUMP: I suggest then that we adjourn until 9:30 tomorrow morning when you can complete your examination.

MR. SABEY: Thank you, Mr. Chairman.

MR. CRUMP: Mr. Cooke, you will take the stand at 9:30 tomorrow morning.

A I will do so.

MR. CRUMP: I have one further observation to make. We are of course anxious to hear all of the witnesses available to the fullest extent desired. It is just possible that this portion of the hearing may conclude tomorrow. I think we should follow normal practice, and counsel at opening tomorrow morning ^{should} submit any corrections they have to transcript. I believe there are some corrections to be made in the transcript, and I think that should be done at opening tomorrow morning.

So this hearing is adjourned until 9:30 tomorrow morning.

[The hearing adjourned at 1:00 P.M.]

